S. HRG. 103–723

U.S. POLICY TOWARD CHINA

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U.S. Policy Toward China, S.Hrg. 10...

HEARING

BEFORE THE

SUBCOMMITTEE ON
EAST ASIAN AND PACIFIC AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

MAY 4, 1994

Printed for the use of the Committee on Foreign Relations

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U.S. POLICY TOWARD CHINA

WEDNESDAY, MAY 4, 1994

U.S. SENATE,
SUBCOMMITTEE ON EAST ASIAN AND
PACIFIC AFFAIRS OF THE
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:04 p.m., in room SD–419, Dirksen Senate Office Building, Hon. Charles S. Robb (chairman of the subcommittee) presiding.

Present: Senators Robb, Kerry, Feingold, Murkowski, and Pressler.

Senator ROBB. The committee will come to order.

We meet today to examine the current state of Sino-U.S. relations and the stakes involved in upcoming decisions, especially the question of whether to continue to extend most-favored-nation [MFN] trading status to China when the Executive order expires on June 3.

We will hear first from Assistant Secretary of State for East Asian and Pacific Affairs, Winston Lord, who appeared before the subcommittee most recently just 6 weeks ago, when we had a useful and productive hearing with him following his and Secretary Christopher's mid-March trip to Beijing.

We are rapidly approaching a critical decision point that will affect not only U.S.-China relations, but will have a profound impact on our relations with all of Asia. Understanding the delicacy of the moment, we especially appreciate Assistant Secretary Lord's appearance here today.

The Clinton administration is obviously at a crossroads in its policy toward China. The President faces a momentous decision—as a matter of fact, a high-ranking Commerce Department official recently described it as a "fault-line decision" affecting all of Asia and how our trade relations with Beijing will be conducted in the future.

Few doubt that his decision on MFN will have a ripple effect, either positive or negative, on the overall Sino-U.S. relationship. It will impact our credibility and standing among the other Asian trading nations as well, in many cases, for years to come. By any standard, the stakes are high.

When President Clinton issued an Executive order last year, conditioning China's MFN status on overall significant progress in the area of human rights, among others, the administration policy was supported by most key players, including Members of Congress, China scholars and experts, and a host of others. The Executive

order allowed Congress to put the gun of statutory conditions back in its holster.

Unfortunately, in just 1 short year, views about the Executive order have change, and the administration will have to navigate a difficult road in the next few weeks in order to ensure our aspirations for future strategic and political cooperation with China.

China has the potential to become a true superpower early in the 21st century. With that in mind, and in view of the country's massive economic expansion and modernization, its burgeoning military, its continued population growth, and the mantle of leadership it has seized in the most prosperous part of the world, east Asia, I believe it is important for the United States to seek common ground with Beijing where possible, and to address differences in the context of the overall relationship.

I would submit that it is in our national strategic interest to engage mainland China now and in the future, notwithstanding the breadth and scope of disagreements that may arise between our two countries. Not doing so risks, if not in the short term, a major rupture in relations in the long term with the most powerful nation in east Asia at the very time the so-called Pacific Century approaches.

In crafting an approach on China's MFN status these next few weeks, I would encourage the administration to keep in mind our larger priorities. In coming to closure on the MFN issue by June 3, I hope the administration engages in realpolitik diplomacy and does not take steps to reduce China to second-class status among the community of nations. I think President Clinton's words last night suggest a strong commitment by the administration to keeping the lines of communication open with Beijing and to building a foundation today for broader relations with China in the years ahead.

There are too many critical areas—North Korea's nuclear weapons program, which we examined a number of times in this committee; Taiwanese independence; Hong Kong reversion; foreign investment prospects for U.S. business; security throughout the Pacific rim; and Chinese ballistic missile exports—to name but a few where we must seek agreement and attempt to reconcile differences with Beijing. Human rights has become the defining issue in our relations with China in recent years. If we hope to make progress in this and other areas, however, I believe we must broaden our focus.

This brings me to the decision upcoming from the President in the next few weeks. The meeting 2 days ago at the White House between the President and the Chinese Vice Premier represented, in my view at least, a good-faith effort by the administration to explain that more human rights progress is needed in the areas specified in the Executive order. Any further rhetorical saber rattling by either side at this stage, however—at least in my judgment—will probably do more harm than good.

So, I hope in the next few weeks the President can square our rhetoric with current reality in China when he makes his decision on MFN. More threats, more conditions, limited and targeted sanctions, partial revocation of MFN—all these things, it seems to me, lead us down a path of more confrontation with Beijing, which at

this point—in my judgment at least—will be counterproductive not only toward U.S.-China relations, but toward progress on human rights as well. During the hearing, I hope we can discuss the building blocks for better future ties with China.

With that, and the absence of the ranking member, who is making a speech elsewhere but who will be joining us shortly—and I expect other members during the questioning period—I will shortly ask the Assistant Secretary of State, Win Lord, to make his statement. I should alert all of those who are going to be witnesses and who are following this hearing that a vote on the Senate floor has been set for 2:30 p.m. And unless we have enough members that we can have a relief in place, we will have to adjourn, probably following Secretary Lord's opening statement today.

But, in the absence of any intervening bells, whistles, or other requirements to which we frequently respond, I will call on Secretary Lord for his opening statement. Mr. Secretary.

STATEMENT OF WINSTON LORD, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE

Ambassador LORD. Thank you, Mr. Chairman.

I have a brief opening statement so I will not read most of my written statement. But anything I leave out I would hope can be incorporated in the record—the full text.

Senator ROBB. Without objection, the entire statement will be included in the record.

Ambassador LORD. Thank you for giving me the opportunity to testify once again on current developments in our policy toward China. If I might pause here for a moment, Mr. Chairman, in an effort to help you and your staff plan for future sessions. The last time I testified was my daughter's birthday. Today is my wedding anniversary. [Laughter.]

So, I do want to let you know that my birthday is August 14, and my son's birthday is October 19. So, look forward to coming back. [Laughter.]

Senator ROBB. Mr. Secretary, on behalf of the entire committee, may I wish you a very happy anniversary. And we will plan future hearings to ensure that we coincide with important family events.

Please continue. [Laughter.]

Ambassador LORD. Thank you. I appreciate it.

Within the next few weeks, as you have pointed out, Secretary Christopher must make a recommendation to the President on whether China's most-favored-nation trade status should be renewed. And as you also underline in your opening remarks, the President's decision on this matter will have far-reaching consequences, not only for our relations with China, but for U.S. interests throughout the Asian region and beyond.

It is important, therefore, that the administration and the Congress continue to have an active dialog on China as we approach this key decision. I see this hearing as a step in that process.

I submitted written testimony and answered questions, as you know, on March 24, in which I gave the background of this decision, our overall strategy, and other key issues that affect our interests in China. This is on the record, and I am glad to provide

it again. I will not go over all that ground today but, rather, highlight a few themes and a little bit of updating since that time.

Let me reiterate and stress a few key points.

The President's Executive order last May responded to concerns in both parties of the Congress about the lack of human rights progress in China, while striking a balance with our other objectives there. It achieved the first broad consensus between Congress and the executive branch on China since the tragic events in Tiananmen Square in 1989. Whether or not individual members here today supported the Executive order—and I realize there are some differences—I believe many will recall that at the time there was a broad outpouring of support, not only here but abroad, for the balanced, moderate approach that was crafted together with the Congress.

Second, under our strategy of comprehensive engagement, we have opened a variety of channels and levels of communication with the Chinese, and used a variety of means to encourage progress. We have engaged the Chinese intensively at senior levels, for example, on human rights, trade and investment, U.N. issues, nonproliferation, Cambodia, North Korea, narcotics trafficking, alien smuggling, and a host of other issues. This underlines the breadth of this relationship—again, something you emphasized.

When dialog alone failed to achieve results, as was the case with textiles and the Chinese transfer of missile technology to Pakistan, we made clear that we were prepared to use the authority of U.S. law to encourage further progress. At the same time, we have carefully listened to Chinese concerns and sought to be responsive.

This comprehensive engagement has served two essential purposes. First, it has enabled us to promote our multiple goals with China much more effectively. Second, it has provided a broader framework within which the Chinese leaders have greater latitude and incentive to make progress on human rights issues.

The President, Secretary Christopher, and other Cabinet and senior officials have been actively involved in implementing the engagement strategy. Over the past 8 months, Secretary Christopher has had five separate sessions in five different cities with Vice Premier and Foreign Minister Qian to seek progress in human rights, economic and strategic issues. I discussed in my last testimony his trip to Beijing in mid-March, and the messages he carried to the Chinese leaders.

As a result of these high-level contacts, the Chinese have taken some positive steps in areas identified in the Executive order. At the same time, there has also been some backsliding. For example, the detentions and arrests of Chinese citizens before and after the Secretary's visit.

We believe that the requirements established by the Executive order are clear and reasonable. We are not seeking to transform Chinese society or impose American prescriptions. We are looking for positive trends that we believe are in China's own self-interest. We ask only that China, as an emerging great power and important in the global arena, agree to abide by accepted international norms.

Since my last testimony before the subcommittee, we have continued to engage the Chinese on key issues of concern. And our

quiet dialog with them on human rights remains active, as well as our engagement in other areas of interest. I cite some recent high-level meetings since my last testimony.

We have also been meeting at senior levels to continue important consultations on the North Korean nuclear challenge. In its own self-interest, China has weighed in with Pyongyang in support of international diplomacy to resolve this question. The Chinese, while counseling patience, share our strong opposition to North Korea's acquisition of nuclear weapons. We expect to continue working closely with them on this issue in the critical period ahead.

Earlier this week, as you pointed out, Vice Premier Zou Jiahua visited Washington for meetings with the President and other senior U.S. officials. And we used that visit to reiterate our concerns about human rights, and also to discuss the many benefits for both countries that can result from a constructive bilateral relationship.

Over the past 6 weeks, there have been some encouraging developments. Foreign Minister Qian went out of his way to reaffirm China's support for the universal declaration of human rights, a public statement that we have sought for some time, and the Secretary specifically requested during his visit.

Also, in the wake of Secretary Christopher's visit, the Chinese Government permitted the prominent activist, Wang Jungtao, to receive medical parole from prison and travel to the United States to be reunited with his wife.

On April 18–23, the Chinese officials met with representatives of the International Committee of the Red Cross to discuss possible visits to Chinese prisons.

And following signature during the Secretary's trip of a bilateral declaration on the implementation of the prison labor memorandum of understanding, the Chinese granted U.S. officials permission to inspect a facility in Guangdong Province suspected of exporting goods produced by prison labor. We have requested other visits and investigations that we expect under the new implementation agreement, and we expect these to be met promptly.

At the same time, recent actions, such as the detention of democracy activist, Wei Jingsheng, and the detentions and arrests of others, and the lack of further progress in other areas identified in the Executive order are disturbing. As the Secretary made clear to Chinese leaders during his talks in Beijing, public acceptance of the principle of universal human rights hardly suffices. China must apply this principle in dealings with its citizens.

Before the end of May, the Secretary will make his recommendation to the President on MFN renewal. This will be based on the two mandatory requirements of the Executive order relating to emigration and prison labor, and his assessment of overall significant progress in the five other human rights areas.

In these final weeks before the President makes his decision, I am sure you will understand it would be inappropriate for me to speculate on what course he will take. We believe that MFN renewal is attainable and within China's reach. But this decision must await a full assessment of all of China's actions, positive or negative, before the June 3 deadline.

I can assure you that the report on human rights will be accurate and credible. We will neither inflate nor denigrate the progress achieved.

While there are reasonable differences on the best means to promote our various interests with China, I think all of us share a desire to see an improvement in respect for human rights there. All of us hope to see the necessary progress to permit renewal of MFN for China. However, it is important for the Chinese Government to understand that MFN cannot be taken for granted. To the extent that each of us can reinforce this message between now and June 3, we will improve our chances of success.

As we approach the MFN deadline, we intend to make every effort to work with the Chinese for further progress in the areas identified in the Executive order. And we will work closely with this committee, and the Congress in general, to reach a broad consensus on our course for the future, as well as the present.

The President and others in the administration have emphasized on several occasions the importance of a stable and prosperous China for U.S. interests. I believe the American people recognize this as well.

At the same time, Americans across the political spectrum support a policy toward China that strikes a sound balance between human rights and pursuit of other vital interests. The President is committed to maintaining that balance. Without it, we cannot sustain for the long term the healthy, constructive relationship with China that we all seek.

Thank you. I would be pleased to answer your questions.

[The prepared statement of Ambassador Lord follows:]

PREPARED STATEMENT OF AMBASSADOR LORD

Mr. Chairman and Members of the Committee: Thank you for giving me the opportunity to testify once again on current developments in our policy towards China. Within the next few weeks, Secretary Christopher must make a recommendation to the President on whether China's most-favored-nation (MFN) trade status should be renewed. The President's decision on this matter will have far-reaching consequences not only for our relations with China but for U.S. interests throughout the Asian region and beyond. It is important, therefore, that the Administration and the Congress continue to have an active dialogue on China as we approach this key decision.

In my written testimony for the subcommittee's hearing on March 24, I provided background on the origin of the President's May 28, 1993, Executive Order and steps we had taken since then to seek progress on human rights and engage China on other key issues affecting U.S. interests. This testimony is already in the record, and I do not intend to go over that same ground today. I have additional copies with me if Members or staff are interested in reviewing the text.

I would, however, like to reiterate several key points from my earlier statement:

- The President's Executive Order last May responded to concerns in both parties of the Congress about the lack of human rights progress in China while striking a balance with our other objectives there. It achieved the first consensus between Congress and the Executive Branch on China since the tragic events in Tiananmen Square in 1989. Whether or not individual members here today supported the Executive Order, I believe many will recall there was at the time a broad outpouring of support here and abroad for the balanced, moderate approach that was crafted together with the Congress.
- Under our strategy of comprehensive engagement, we have opened a variety of channels and levels of communication with the Chinese and used a variety of means to encourage progress. We have engaged the Chinese intensively at senior levels, for example, on human rights, trade and investment, United Nations issues, non-proliferation, Cambodia, North Korea, narcotics trafficking, alien smuggling and a host of other issues. When dialogue alone failed to achieve re-

sults, as was the case with textiles and the Chinese transfer of missile technology to Pakistan, we made clear that we were prepared to use the authority of U.S. law to encourage further progress. At the same time, we have carefully listened to Chinese concerns and sought to be responsive.

- This comprehensive engagement has served two essential purposes. First, it has enabled us to promote our multiple goals with China much more effectively. Second, it has provided a broader framework within which the Chinese leaders have greater latitude and incentive to make progress on human rights issues.
- The President, Secretary Christopher and other cabinet and senior officials have been actively involved in implementing the engagement strategy. Over the past eight months, Secretary Christopher has had five separate sessions in five different cities with Vice Premier and Foreign Minister Qian to seek progress on human rights, economic and strategic issues. During his March 11–14 visit to Beijing, the Secretary carried the message directly to Chinese leaders on the need for further improvements on human rights as well as our readiness to build a more constructive relationship across the board.
- As a result of these high-level contacts, including the Secretary's recent visit to Beijing, the Chinese have taken some positive steps in areas identified in the Executive Order. At the same time, there has also been some backsliding, for example, the detentions and arrests of Chinese citizens before and after the Secretary's visit.
- We believe that the requirements established by the Executive Order are clear and reasonable. We are not seeking to transform Chinese society or impose American prescriptions. We are looking for positive trends that we believe are in China's own self-interest. We ask only that China, as an emerging great power and important actor in the global arena, agree to abide by accepted international norms.

Since my last testimony before the subcommittee, we have continued to engage the Chinese on key issues of concern. Our quiet dialogue with the Chinese Government on human rights remains active. So also does our engagement in other areas of interest. Just three weeks ago, the U.S.-China Joint Commission on Commerce and Trade, chaired by Secretary Brown and Chinese Trade Minister Wu Yi, met in Washington to discuss trade and other economic topics. During that same period in Washington, White House Science Adviser Dr. John Gibbons joined with his counterpart in the Chinese Government, State Councillor Song Jian, in chairing a U.S.-China Joint Committee Meeting on Science and Technology Cooperation. Their meeting focused on practical programs of scientific cooperation that benefit both the American and Chinese people.

Senior Chinese and American officials have also met to continue our important consultations on the North Korean nuclear challenge. In its own self-interest, China has weighed in with Pyongyang in support of international diplomacy to resolve this question. The Chinese, while counseling patience, share our strong opposition to North Korea's acquisition of nuclear weapons. We expect to continue working closely with them on this issue in the critical period ahead.

And earlier this week, Vice Premier Zou Jiahua visited Washington for meetings with the President and other senior U.S. officials. We used Zou's visit to reiterate our concerns about human rights and to discuss the many benefits for both countries that can result from a constructive bilateral relationship.

Over the past six weeks, there have been some encouraging developments. Foreign Minister Qian went out of his way to reaffirm China's support for the universal declaration of human rights, a public statement that we have sought for some time and the Secretary specifically requested during his visit. Also in the wake of Secretary Christopher's visit, the Chinese Government permitted the prominent activist Wang Jungtao to receive medical parole from prison and travel to the United States to be reunited with his wife. On April 18–23, Chinese officials met with representatives of the International Committee of the Red Cross (ICRC) to discuss possible visits to Chinese prisons. And following signature during the Secretary's trip of a bilateral declaration on the implementation of the Prison Labor Memorandum of Understanding, the Chinese granted U.S. officials permission to inspect a facility in Guangdong Province suspected of exporting goods produced by prison labor.

At the same time, recent actions—such as the detention of democracy activist Wei Jingsheng and the detentions and arrests of others—and the lack of further progress in other areas identified in the Executive Order are disturbing. As the Secretary made clear to Chinese leaders during his talks in Beijing, public acceptance of the principle of universal human rights hardly suffices. China must apply this principle in dealings with its citizens.

Before the end of May, the Secretary will make his recommendation to the President on MFN renewal. This will be based on the two mandatory requirements of

the Executive Order relating to emigration and prison labor and his assessment of "overall, significant progress" in the five other human rights areas. In these final weeks before the President makes his decision, it would be inappropriate for me to speculate on what course he will take. We believe that MFN renewal is attainable and within China's reach. But this decision must await a full assessment of all China's actions—positive and negative—before the June 3 deadline. I can assure you that the report on human rights will be accurate and credible. We will neither inflate nor denigrate the progress achieved.

While there are reasonable differences on the best means to promote our various interests with China, all of us share a desire to see an improvement in respect for human rights there. All of us hope to see the necessary progress to permit renewal of MFN for China. However, it is important for the Chinese Government to understand that MFN cannot be taken for granted. To the extent that each of us can reinforce this message between now and June 3, we will improve our chances of success.

As we approach the MFN deadline, we intend to make every effort to induce further Chinese progress in the areas identified in the Executive Order. And we will work closely with this committee and the Congress to reach a broad consensus on our course for the future as well as the present.

The President and others in the Administration have emphasized on several occasions the importance of a stable and prosperous China for U.S. interests. I believe the American people recognize this as well.

At the same time, Americans across the political spectrum support a policy towards China that strikes a sound balance between human rights and pursuit of other vital interests. The President is committed to maintaining that balance. Without it, we cannot sustain for the long term the healthy, constructive relationship with China that we all seek.

Thank you. I would be pleased to answer your questions.

Senator ROBB. Thank you, Secretary Lord.

Senator Pressler, do you have an opening statement that you would like to make? I thought we would conclude the opening statements, and then we will break for the scheduled vote over on the Senator floor, and then come back with the regular question period. But if you would like to make an opening statement, please do so.

Senator PRESSLER. I have several questions which I would like to ask at the proper time.

Senator ROBB. All right. Let us hold off on the questions, if we may. Senator Feingold.

Senator FEINGOLD. Thank you very much, Mr. Chairman, for this hearing focusing on this important issue and the chance to make a very brief statement. Even though I am not a member of the subcommittee, I have a strong interest in these matters.

Happy anniversary.

Ambassador LORD. Thank you.

Senator FEINGOLD. Let me say that I applaud the administration's commitment to human rights. And I have been particularly pleased with the Secretary's personal efforts to advance a meaningful human rights agenda in Asia. China is an immensely important player in the international scene, as we all know. I have tremendous respect for its achievements in its 5,000-year history. I fully appreciate China's geostrategic importance in the region and worldwide.

But, in my mind, at least in part, we fought World War II and the cold war to help protect human rights. To me, this is not just a lofty value. I think we can effect change in this area. And to abandon that commitment now I think would do a great disservice to American values.

The Chinese can rightly demand our respect for their culture. But we cannot abandon or compromise on what is of immense im-

portance to us. It seems to me there has to be some common ground within our greater relationship on this issue.

So, I lend my support to the administration's past emphasis on linkage, particularly in Asia, where we have very real economic and human rights concerns. And I urge you, Secretary Lord, not to subsume human rights to other concerns.

I think it is second to nothing, and what America stands for. And we would be abdicating our role as a superpower if we were to shy away from that concern.

Mr. Chairman, I think there are about three different camps, at least, on this issue. There are those who think that trade considerations should not be part of our foreign policy at all. There are those who believe that human rights are a factor in our foreign policy, but do not support a linkage between that overall policy of human rights and the overall policy. Finally, there are those who believe that human rights is inextricably linked to all other aspects of our relationship.

Now, I am firmly in that last and third camp. I get the sense that the Secretary is too. I hope that the U.S. foreign policy continues to reflect that view.

MFN linkage may not be the most perfect way of going about this issue in China, but it may be the most viable option out there to show our immense frustration about some human rights problems in China. If there are other ideas, such as I have heard the idea of slapping an additional 15-percent tax on Chinese imports, or targeting specific industries. I am willing to look at those as well.

But what I am most concerned about today is that if it is somehow assessed or determined that China has made the significant overall progress to achieve MFN, I am concerned that somehow the debate might then be over. I know that language has to be a measured response. That is what the MFN debate is all about.

I am not advocating, and I do not think the administration is advocating, of course, cutting off all ties. We are not talking about cutting off ties in negotiations on nonproliferation or all trade or severing diplomatic relations. Because human rights is not the entire composite of our complex relations. But at some point we do have to draw the line. And I think this upcoming decision is a very important juncture to see if in fact we are going to draw the line on some of these overall problems with regard to China.

Thank you, Mr. Chairman.

Senator ROBB. Thank you, Senator Feingold.

Senator Pressler has indicated that he would like to make a brief opening statement. We would be pleased to here from you now, sir.

Senator PRESSLER. Ambassador Lord, most of the permanent members of the U.N. Security Council are respecting the moratorium on nuclear testing and severely reducing the size of their nuclear stockpile. Only China is building and testing new strategic weapons.

I have a chart here which illustrates China's new weapons. [Chart shown.]

As you can see, they range in size from 5 to 50 times the size of the atomic bomb dropped on Hiroshima. All of them are solid fuel, totally mobile, up and shoot in 30 minutes. Clearly, they rep-

resent at least an implied threat to China's neighbors, and even the United States itself.

Now, the press and some academics have charged that China's military buildup is financed by the Chinese Army's commercial sales abroad. I even visited the headquarters of one of those companies last summer in Beijing. And if they are all as successful as that one, they are making a lot of money—money which they can devote to new weapon systems.

So, I will be having some questions along the lines of the estimations that form its commercial enterprises. The Chinese Army added some $27 billion to its 1993 budget. Also, some questions along the lines of if the American press is correct, does the Chinese military derive some of its budget from lucrative commercial operations in the United States? And, finally, what program or policy does this administration have in place to address this issue?

And you might have some comments on that later during the question time.

Senator ROBB. Thank you, Senator Pressler.

I think, in light of the fact that the vote is still set to begin in about 3 minutes, it would probably make more sense to take our break. I believe there is going to be a single vote at this time, and I do not know of any other votes that are stacked. So, rather than begin the questioning and interrupt the questioning, I think it might make sense to break at this point.

So, we will stand in recess until 20 minutes before the hour of 3 o'clock, hopefully to complete the hearing at that point.

[A brief recess was taken.]

Senator ROBB. The committee will return to order again.

For those who are here, I hope that this will not be repeated in terms of votes. I was assured by the floor that they did not expect another vote in the near term, and hopefully we will be able to complete certainly our questions for Secretary Lord and perhaps for the next panel before we are interrupted with a floor vote again.

I do expect one or two other members to rejoin us here shortly for questions. Once they come, we will assume 10-minute rounds. But, in the absence of other members to question, I will just begin with some questions that I have.

Mr. Secretary, there has been a fair amount of public speculation that the MFN focus is now over whether the administration will extend MFN with or without some form of targeted sanctions attached. A New York Times report from about 2 weeks ago states that the debate "is now between those who would renew China's trade privileges while also imposing limited sanctions to keep the human rights pressure on Beijing and those who would renew the trade privilege while looking for nontrade pressures to influence Chinese behavior."

I would ask if that is a fair assessment of where the debate within the administration lies at this particular point or is leaning, or any comment you might want to make on that particular positing of where the debate stands at the moment?

Ambassador LORD. Well, the emphasis remains, and this is true of the entire administration, on trying to see whether, through quiet discussions with the Chinese within the remaining time before the President's decision, there can be sufficient progress so we

can extend MFN generally and not have to consider the kind of other options that you are talking about.

So, that remains our goal. That is what we are pressing for.

Clearly, as we get closer to the deadline, we will want to talk very closely with the Congress and to examine our various options. But we would hope that this would be academic; that we can in fact extend it. But this depends on what happens in the next few weeks.

Senator ROBB. There have been some visitors from business groups recently that have visited both with you and with me and with other Members of Congress as well as other members of the administration, discussing this particular topic, who have indicated—and I do not want to put anyone on the spot and I certainly recognize the delicacy of the whole situation here, and I am trying not to exacerbate that challenge that you face in testifying in open session at all—but indicate that they felt reassured—maybe that is the way to put it—that MFN would be extended. And it was only a matter of what conditions might be placed upon the extension.

They felt that they had some degree of assurance from the executive branch that they need not be as concerned, perhaps, as they might have been before they had that meeting; that the MFN would be extended, and it was just a matter of what conditions might attach. Would you care to comment on that understanding that they had? I will not put an official on the spot.

Ambassador LORD. Sure. I am of course not familiar with all the conversations that have taken place with various officials or the ones you are specifically referring to. But, certainly, we have made it clear publicly and privately, including in meetings with business people as well as human rights groups, that we very much hope that we can extend MFN. And that remains our hope. I said in my remarks that is still attainable.

But no one would be, nor will I today, prejudge the decision of the President. I really do not think I can go beyond that.

Senator ROBB. Another question—and, again, some of these I realize are just attempting to establish the parameters of the considerations that you are engaging in at this point within the administration. And I recognize, being absolute and definitive in some areas will be difficult and probably not advisable even if you felt fairly comfortable with that. So, respecting that, let me just pursue a couple of those.

Ambassador LORD. There are no indiscrete questions, Mr. Chairman, only indiscrete answers.

Senator ROBB. Yes, only indiscrete answers. I understand. [Laughter.]

We both entered into this particular hearing with that firmly in mind.

If you assume the same financial impact, does the administration view at this point as different or similar partial revocation—targeted at products, say, made by the Chinese military, for instance—of MFN, and full extension of MFN, with sanctions attached, such as the use of the Super 301? Is one considered more important? I hesitate to use the word "punitive," because I think that can be misinterpreted. But is there is a qualitative and/or

quantitative difference in the administration's mind between those types of choices?

Ambassador LORD. Well, I would not want anything I now say to suggest that these options are either punitive or otherwise.

Senator ROBB. I understand.

Ambassador LORD. But just trying to look at it generically, under any such options, you have to address several issues: definitions of sectors or products or companies; the legal dimensions, including executive authority versus legislative authority; possible retaliation by the Chinese, which of course has something to do with the economic consequences. It gets quite complicated, and without being more specific than you have been able to in a generic sense, one would want to know the relative economic impact of each of those kinds of options. But, obviously, they would differ, not only in their economic impact, but perhaps in their political impact.

Senator ROBB. As an old China hand, would you want to speculate on how the Chinese might interpret the differences?

Ambassador LORD. I guess the honest answer is no, I do not want to speculate. [Laughter.]

Seriously, partly because it might be indiscrete, partly because it might be tactically inadvisable, and partly because I am not sure I know.

Senator ROBB. That gives us a range of possible rationales for your answer. [Laughter.]

And again, I understand the difficulty.

During the—maybe we can be a little more precise in this area, because I think it lends itself to precision—during the March 24, I think it was, hearing, I asked you about a status check on the five areas of concern—the two mandatory ones—there was general agreement that there had been sufficient compliance.

At the time, you indicated—and I will just quote, if I may, from you that we sought a somewhat more explicit statement that the Chinese will adhere to the universal declaration of human rights, and your testimony today indicated that you thought that at least that had been achieved in the meeting a couple of days ago with the Vice Premier, if I understood your statement correctly.

We clearly want and need to see more progress in prisoner releases, that talks were underway with the ICRC, but that it was hard to quantify progress here because these are difficult negotiations. There was no evidence of progress on the Tibet condition, with the single exception of their willingness to provide some information on 106 Tibetan prisoners. And, finally, the Chinese had agreed, for the first time, to accept information from us of a technical nature about the interference related to jamming of VOA broadcasts, which you thought was another modest step forward.

I wonder if you could simply give us another update on where we stand in these five areas that you spoke to the subcommittee about just a few weeks ago?

Ambassador LORD. Let me try to be as helpful as I can. In my statement, I noted some recent developments in the last 6 weeks, which I think are very relevant to your question. And if I leave any one of these out, please remind me. But they were meant to try to do exactly what you are suggesting.

First, on the mandatory criterias, before we get to the other five. On the emigration question, there are still some outstanding passport cases. We have to get further precision on those and make sure that we have got our facts right and that the Chinese have their facts right. But we would like to see some more cases resolved in that area, although generally, in that provision, as in the other mandatory provision, there has been considerably more progress than in some of the other areas.

Senator ROBB. You do not have any reason to believe that there is any hesitancy or reluctance to try to comply with those provisions, do you?

Ambassador LORD. Well, the Chinese have agreed in principle on the kind of question that we are talking about—a few cases essentially—in most cases, families of dissidents trying to leave China. They have said, in principle, they ought to be able to clear these up. But, in practice, this has proven to take some time. Some cases have been cleared. Others have not. But I would hope and expect that we could make further progress in that area.

On the prison labor issue—as we indicated, and as I have in my past testimony, we have an important declaration of implementation. We have had some visits—a couple of visits since then, and others that we expect to take place in the near future. I think I have a little more detail on that. Let me see if I can find it.

We have made two followup visits in one outstanding case, and have asked for visits to three other facilities since March. And we expect these to be arranged shortly. We presented 20 new cases to the Chinese in March 1994, and we expect to receive responses shortly.

I might add, a total of 52 cases have been submitted since the August 1992 MOU. Let me remind the committee what this implementation agreement does. It was signed during Secretary Christopher's trip—an example of some of the progress that was made on that trip, despite the rather unfortunate atmospherics. Under this new implementation, agreement, U.S. Government personnel will receive timely, unrestricted access to all relevant areas of suspected sites and to all relevant materials. Specifically, the Chinese will provide a written investigative report within 60 days of receiving information, a visit to a suspect facility within 60 days of receiving a written request, a revisit if new or previously unknown information is uncovered, and access to relevant sections of the facility and to relevant records and materials.

Under that mandatory provision, we obviously have made good progress. I am not here to give a scorecard on whether everything is complete in every last case. But your basic statement that on the mandatory provisions we have done quite well I think is accurate.

Now, on the other five. On the universal declaration of human rights, since Secretary Christopher's visit there was this explicit statement, as I said in my testimony. That is a modest step forward.

I also said, however, of course, it is not sufficient just to proclaim adherence. The proclamation is very important, and we specifically asked for it. Therefore, we welcome this step forward. But, of course, practice is as important as rhetoric.

On prisoner releases, we had this very important release of Wang Jungtao, which we have welcomed. And we wish to welcome any positive steps. But, clearly, we would like to see many more releases. We have indicated that, under Chinese law, this should be something that the Chinese should be able to do, for example, with respect to medical parole. We have been concerned by the detentions and arrests. Although many of those detained have been released, still there are many outstanding cases that have occurred in recent weeks.

With respect to VOA, since my last testimony, we have actually presented the information to the Chinese, pointing out precisely to them how VOA is interfered with, in terms of frequency. We would hope we could have further discussions on that. We have presented that information.

With respect to Tibet, we have been saying for some time that we believe it would be an important step forward for the Chinese and the Dalai Lama or his representatives to meet; that a date should be set for such a meeting in order to get at the question of protecting Tibet's religious and cultural heritage. The Dalai Lama has made statements, and I would particularly point out that on April 27, in a speech in New York, where he explicitly said that he is willing to sit down and talk to the Chinese officials without independence being on the agenda.

The Chinese, in turn, for some time now have said that they are willing to talk to the Dalai Lama if the Dalai Lama would not have independence on the agenda. It is not clear to us why they cannot get together and set a date. And, frankly, we have been encouraging both sides. That would be a significant step forward, and we would very much like to see that happen, frankly, in the coming weeks.

We are still awaiting more information on the Tibet prisoner list, and we hope to have that in the near future.

Finally, as I said in my statement, the Chinese did meet with the Red Cross at the experts level. But, as I also said back in March, it is difficult to assess progress. These are private talks. The Red Cross, correctly and understandably, has very strict criteria before they will go into a country. And the Chinese are trying to reconcile their laws with Red Cross requirements. We are pleased that another set of meetings has taken place, but it is very difficult to assess their significance.

I hope that is helpful to you, Mr. Chairman.

Senator ROBB. All right. And if you have any additional update on any of those five as we proceed—I realize that there will come a time when you will make a recommendation to Secretary Christopher, and he, in turn, will make a recommendation to the President, and he will undoubtedly summarize the degree of progress in each of those areas. But if there are developments in the interim, that would be very useful.

Ambassador LORD. We will keep this committee and other Members of Congress in both Houses informed. We believe we have done that quite regularly, and of course we will be, if anything, intensifying that in the coming weeks.

Senator ROBB. Since your last appearance before the committee on March 24, you gave a speech at the American Chamber of Com-

merce—I think it was about 5 days later, on March 29—where you stated that targeting Chinese state-owned enterprises was, in principle, a good theory, and one should be looking at it.

My question to you today is, have you been looking at it? Is it still a good theory, in principle? And I guess a little more information, if you could share with us, in terms of how you would differentiate between a state-owned and privately held company—the concern being that you could disguise a state-owned company as a private company, or whatever the case might be, relatively easily. And the question becomes a matter of component parts—if one part was state-owned and the rest was private or vice-versa—what kind of problems do you have in making determinations there? Would you care to elaborate a bit on those remarks?

Ambassador LORD. First of all, with respect to that appearance, it was not a speech. I made some informal remarks and I took a series of questions. Of course, as luck would have it, this was the last question. That is always the case. Right?

Senator ROBB. Those are always the ones to avoid.

Ambassador LORD. I was referring to what is in the Pelosi-Mitchell legislation. If you go back to the latest version of that, it does suggest targeting state enterprises. This was not some new concept. It has been around for some time.

And, indeed, other administration officials, on the record and I believe on background, have indicated that this was something to look at—at least in theory. I was not breaking any new ground, but it was treated that way. I did not mean to break any new ground.

Now, having said that, with respect to its application, there is no question that anything that is partial, that does have some definitional and legal—not to mention political and economic—dimensions, it would have to be looked at carefully. With respect to state enterprises, I suspect that if one wanted to go that route, we would have to do that. Again, I am just treating this clinically, and I am not suggesting anything more.

Senator ROBB. I understand that you are not committing news at this point.

Ambassador LORD. I hope I am making no headlines today, Mr. Chairman. That is my devout intention here. [Laughter.]

Senator ROBB. I understand your intent.

Ambassador LORD. But I also hope I am being helpful to a certain degree.

I think that it would probably be easier to do it by products rather than by trying to identify specific companies. For example, if widgets are made by state enterprises, you would target widgets. You would not try to figure out the state enterprises.

Now, obviously, maybe not all widgets will be made by state enterprises. But I suspect that would be an easier way to define it than to try to figure out which company is which.

Senator ROBB. In other words, you are willing to examine, in a whole list of possible approaches—I will not even put it in any more specific terms than that—that kind of distinction that you might make in terms of reviewing all of the options available to you? You think that it is possible to make a distinction? Maybe that is the way to ask the question.

Ambassador LORD. You will understand I am reluctant to go beyond that.

Senator ROBB. I am not asking you to embrace one right now.

Ambassador LORD. I understand.

Senator ROBB. We are trying to determine viability of those options.

Ambassador LORD. I am not overeager to get into a checklist of ones we are even looking at, as opposed to embracing. But, clearly—I want to repeat—and I mean this sincerely—our objective—and we are working very hard toward that end—is to be able to make all of these kind of discussions moot, and that we can extend MFN because there has been sufficient progress.

But, clearly, any administration facing an important decision should be ready for any eventuality. If we get to a point where other options might make sense—and obviously we have done advance thinking on this—we would work very closely with the Congress and get your views on it.

Senator ROBB. Let me just ask one other question in this line, and then I will yield to colleagues.

The difficulty in making a distinction between—again, purely hypothetical at this point—limited sanctions against a specific industry as opposed to a specific product, that is a little different than the question I asked you in terms of the composition of products or whatever—but you think those are the kinds of distinctions that are relevant to any consideration of a more targeted approach to any failure to achieve your principal objective?

Ambassador LORD. That is at a level of detail that I am not even sure I could answer with great confidence. It is not a matter of being indiscrete.

Senator ROBB. OK.

Ambassador LORD. Some of this gets fairly complex, and I really do not want to mislead you with an overly precise answer.

Senator ROBB. All right. At this point, I am going to yield to Senator Pressler for questions that he might have.

Senator PRESSLER. Thank you, Mr. Chairman.

I am fascinated by one thing in this whole China debate—and you might just be able to pull it all together—and that is their military buildup. And I took a trip out to Tibet last year, and I went to Chungking and Chengtu and Sian with a congressional delegation. And I know the chairman of this committee has had congressional delegations out there. But in Asia, it seems that China is leading a new military buildup and a nuclear buildup.

And India says they have to have their nuclear program to offset China's. Pakistan says they have to have theirs to offset India's. And I have my amendment—and I would like to apply it to other places if I could, but I have never been able to get enough votes. But the point is, at some point, Japan will not sit still with this nuclear buildup that is going on, and military buildup. It does not make any difference what the laws are in Japan, they are not going to sit still permanently with North Korea, India, Pakistan, and China having nuclear weapons, in my judgment.

What is China trying to accomplish with this military buildup? And I have raised some of these questions already in my opening statement. It is absolutely amazing.

I visited the headquarters of one of those huge companies that finance some of the Chinese military's activities. And they have commercial activities abroad and so forth. But they are a very militaristic society. And if you go down to Malaysia or anyplace, and everybody is talking about it—the immense dominance that China is building up militarily and in a nuclear sense.

Who is China afraid of? Why are they building all of this military might?

Ambassador LORD. Those are good questions, and there are several aspects here, so please come back to me if I miss something important. I will try to address all of your questions.

I do want to strike a balance here. Clearly, China is increasing its military spending and its military budgets in the last few years for a variety of reasons. However, I do not think we should exaggerate this. They are starting from a relatively low base, particularly with respect to projection capabilities as opposed to defense.

For many years, under Deng's modernizations of the late seventies, they had four modernizations—agriculture, industry, science and technology, and defense. And they explicitly made defense the fourth modernization—the lowest priority in terms of spending. Indeed, their defense budget for such a huge country, frankly, was really quite modest for a long time. Although I hasten to add it is classified by the Chinese and, as always in opaque societies, it is difficult to figure out exactly what they are spending in the various classifications.

What I am getting at is that, as you look at the rise in spending in recent years, you have to say, where were they when they started? And I do not mean to minimize the potential problems over the long run of such a large country and a growing economy as China and its military spending, but I do think we should keep it in perspective. And, frankly, at this point, it is not alarming or threatening to the United States.

Now, if you were a neighbor of China and you are not as strong as the United States and you are a lot closer to China than we are, obviously it takes less to be alarming and threatening. There are some in the area who are beginning to be concerned about the direction of Chinese military spending, particularly when it is coupled with territorial claims, for example, in the South China Sea.

I know this is a typical State Department "on the one hand, on the other hand," but I think that is the honest answer—that we should not exaggerate this buildup, but, over the long run, it could be a source of concern.

Now, why are they doing it?

Larger powers generally look to their defenses. China's emphasis remains on modernization and development. And I think their strategy is to improve relations around their periphery so they can get on with their high priority of developing their economy, and not have to spend too much on the military.

Senator PRESSLER. Well, on that point of what they spend now—these commercial enterprises that they have, including sales abroad, the University of Hong Kong has estimated that from their commercial enterprises, the Chinese military added $27 billion to its 1993 budget. Does that seem right?

Ambassador LORD. No, it does not, frankly. It seems much too high.

Now, again, their figures are classified. I do not even know what, of course, their actual full budget is. But that seems way out of what could be possible. They obviously make some money by selling arms abroad or by pursuing commercial enterprises. They have done defense conversion and so on.

As their budget, up until recently, has been kept fairly low, they have sought other ways to amplify their budget. I am sure they get significant amounts through commercial activities and through exports. But that kind of figure does not seem practical.

Senator PRESSLER. Well, I will place in the record of this hearing the University of Hong Kong study. I do not know anything about the University of Hong Kong—how good they are on economics, but that is what their estimation is.

Ambassador LORD. I will of course look at this study, Senator.

Senator PRESSLER. If you could react to that.

Ambassador LORD. If we have anything different, we will get back to you with any different views on it.

Senator ROBB. Without objection, the study will be included in the record.

Senator PRESSLER. Now, is there any indication, no matter how slight, that China is increasing its spending on strategic weapons which could reach the United States?

Ambassador LORD. Some of this perhaps belongs in executive session. Therefore, I will be a little more general in public. They are continuing to build up their nuclear capability. Again, I want to strike a balance. I do not think it is fair to say that it is at a breakneck speed.

You are absolutely right about the relationship of the posture between India and Pakistan and of how India will not really deal with Pakistan unless they can deal with China. All of these are connected. That is why the North Korean problem, among others, is also important, in particular its impact on Japan, and why we are giving the highest priority to it.

In terms of reaching the United States, again, we are in open session here, clearly the nuclear capability is more relevant to countries closer to it than the United States. I do not think I can go further than that in this session.

Senator PRESSLER. Well, I come from a State where we like to sell a lot of grain in China, and the public is very interested in these subjects, so as far as you can go here, as far as you can go, is there any indication, no matter how slight, that Chinese companies are aiding the North Korea ballistic missile program?

Ambassador LORD. I do not believe they are recently in so far as I can see. There may have been some in the past, but I would underline that China does not wish to see North Korea have nuclear weapons. They have been constructive on the whole on this issue. They have been weighing in with Pyongyang, so I would find it totally contrary to their policy, which is in their self-interest. It is not just rhetoric. It is not doing us a favor to prevent nuclear weapons in the peninsula, to not let their companies do this. It is not just nuclear weapons, but the capability of delivering them. Again, maybe in executive session we can be more precise.

Senator PRESSLER. Is there any indication, no matter how slight, that China is still aiding Pakistan's nuclear weapons program?

Ambassador LORD. I am not trying to be evasive. I am in open session here. All I can say in this session is that we have no clear evidence that I am aware of that is happening now, but there are always gray areas here.

Senator PRESSLER. Yes. I am always trying to build a consensus in my State. I go out and hold listening meetings across the State, so as much information that people have asked me—there have been articles in the newspapers and so forth.

Ambassador LORD. What we would do, Senator, if that is agreeable, is that we will come up with as much helpful information, particularly of the kind that you can share with your constituents, as we can.

Senator PRESSLER. Is there any indication, no matter how slight, that Chinese companies are providing items which would be used to support the production or development of weapons of mass destruction or their delivery systems in Libya or Iran?

Ambassador LORD. Nothing definitive, but, again, there are gray areas in this area.

Senator PRESSLER. What are some of the gray areas?

Ambassador LORD. I really cannot get into this in open session, to be honest with you.

Senator PRESSLER. OK, but the American people have read this and are concerned about it, and as one who was at and holds listening meetings, I am not trying to make you say anything that is classified, but at least that is a problem in foreign policy, is it not?

We go out and defend our positions, and they sort of expect Senators to know what is going on, and if things are published in papers, they think it is unusual that I cannot say anything about it. How would you recommend that I deal with that?

Ambassador LORD. You would be very honest with them and say some of this is classified. Sometimes things leak that should not have been leaked, and it does not mean that an administration official should go up on the record and repeat the leak in public.

Now, let me make a more general comment that maybe would be helpful to you. The only case where we have acted against China for this kind of proliferation, and we share a deep concern about it—I know your historic role in this—is in the case of the Pakistan M–11 technology. By definition we felt we had definitive proof to act on that. It was category 2, as you know, not category 1, but we acted on it.

If any U.S. laws were broken, or any legislation which authorized or obligated us to take action, whether it is sanctions or whether it is at bare minimum coming to you and being very explicit as to what is going on, I can assure you we would do that. By definition, beyond the Pakistan case, we have not found anything that would cause us to take action. Therefore I think you can find that of some reassurance.

I only say gray area because obviously we have to be careful before we take action. We have to be sure of our facts. What I am trying to say is that we are unhappy, by definition, with what

China has been doing with Pakistan on the M–11 related issues. In other areas, they have been cooperative.

Generally on nonproliferation China has been moving in a positive direction in recent years. I think we should put that on the record. It was not so many years ago where they almost were saying, we do not care about nuclear weapons. Then they said we care about them but we are not going to do anything about them.

Now they have been signing up with the Non-Proliferation Treaty, the Chemical Weapons Treaty, and presumably are supposed to adhere to the MTCR. I think it is only fair to state that on the whole, in terms of their commitments, they have been moving in a positive direction in this whole area that you are discussing in recent years.

Now, there have been some exceptions in our view. Even the M–11, of course, they would dispute. There are other areas where they may do things that are not illegal, we just think imprudent. For example, we think helping Iran with a nuclear reactor that is peaceful and under inspections is clearly not breaking any commitments, but we just do not think helping Iran in the nuclear area in general is a good idea.

I hope that is of some help to you. Of all the other examples that you have cited, if they have done anything that would evoke legislation or sharp concern, you would be sure we would be public, because we would be acting on it.

I only put in things like gray areas because you know better than anybody in this whole field that there are times that you have some suggestive information. But it is only fair to the country involved and in your national interest to be absolutely sure of your facts. I do not want to give a complete clean bill of health when you may have some suggestive information, but I do not think it is fair to the Chinese to levy accusations that are not well-founded. That is why you are getting the kind of answers from me that you are getting.

Senator PRESSLER. Thank you. I would like another round later, if that is possible.

Senator ROBB. Certainly. Senator Kerry.

Senator KERRY. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here. I must confess to you that I am a little bit surprised that you are here 2 weeks or so before a decision has to be made or forwarded to the President, so I presume that because you are here there is a message you are willing to define with respect to where we are today, or a message to China with respect to what remains to be done in the next 2 weeks.

I do not know if you have covered this prior to my getting here, but if you did, I would just ask you to review so that I may understand it very clearly.

Ambassador LORD. Could I comment on that general query?

First, as I explained before, I am here because it is my wedding anniversary, and the last time I was here it was my daughter's birthday, and the next time it will be my son's birthday, but I will be very honest with you. I want to be helpful to this committee and to the Congress. All of the administration wishes to, and we have a shared interest in this issue and related aspects of it.

I think the chairman will be the first to acknowledge that I did not rush up here enthusiastically because it is a time where there is not much more that I can say than I did a few weeks ago. I have tried to be as precise as I can in updating.

This was not an initiative of the executive branch to come up here and deliver a message. It is a desire to be as helpful and responsive as we can at a delicate moment.

Senator ROBB. Let me just comment, Senator Kerry, and say that it was at the request of the committee and a request that we discussed before completing the arrangements for this particular meeting. Secretary Lord has indicated that he was hoping not to commit news today in anything that he might say.

Ambassador LORD. But also I said I want to be helpful. I hope they are not mutually exclusive. [Laughter.]

Senator KERRY. Well, let me see if I can help you be helpful.

A little while ago the Secretary said very publicly that if the decision were being made today we would not make it.

My question to you is, since we are so close to the decision time, has progress been made since then?

Ambassador LORD. It was more than a little while ago. You will notice that we have not been using that formulation lately. As we get down to the homestretch, we feel it is better not to have a daily checklist and scorecard.

There has been some progress in recent weeks, specifically since I testified on March 24, and I did outline that for the chairman earlier. I would be glad to go over it, but let me quickly summarize it if that is helpful. How do you want me to proceed?

Senator KERRY. Let me just run through it. I do not want to repeat it all.

It is my sense, and I am glad you said that, because it was my sense based on my January visit to China and subsequent events, that even when the Secretary made his statement, there was more progress than was then being articulated, and in point of fact there was more positive steps if you went down the list of the Executive order.

The emigration issue I trust is essentially resolved. With respect to the question of prison labor, enormous progress has been made, to say the least, with the memorandum of understanding signed and so forth.

On the issue of the VOA and jamming, I thought we were about to make progress, and I think we have since then. On the issue of the ICRC we were making progress. On release of prisoners there was some progress being made at that point in time. Certainly there has been progress in accountability on Tiananmen Square but there remains room for more.

So the two issues which were remaining a little while ago were essentially Tibet, where they have made prior pronouncements about a willingness to meet with the Dalai Lama, though no date yet set, and adherence to the Universal Declaration on Human Rights. It occurred to me that at the time when many people were writing how terrible the situation is because they were arresting people, there already was a fairly significant level of progress with respect to the Executive order itself, the strict parameters by which this judgment is to be made.

Now, am I misreading it, or has this been misstated?

Ambassador LORD. No, I do not think you are misreading it, Senator. Let me address several aspects of that. We tried all along, and I do not think with tremendous success publicly perhaps, to report any progress made in recent months as it occurred, not inflating it, certainly not inventing it, but also not denigrating it.

We thought it was important to do that in order to keep the Congress and the public informed. We did not want people to think that we were rushing up here at the last minute and saying, by the way, we have all this wonderful progress, we forgot to tell you about it because we are above all concerned with the integrity of any reports we make that we give an honest assessment.

Therefore, even as it was important not to inflate progress, it was also important to note it as we went along. Some of the progress goes back to the fall or the early winter, and some more recently. We have been reporting that.

But I agree with you, the general public perception—and partly this is the Chinese fault, frankly, because they have been detaining and arresting people, although they have let some of those out—has sort of obscured progress made in other areas. This is just a fairly lengthy way of agreeing with your general proposition.

I do not want to be accused of inflating progress today, but there was progress even during Secretary Christopher's trip, despite the atmospherics. I have noted today in my testimony and in answer to some questions essentially where we are. Let me just race through them very quickly, without going over them at quite the length I did before.

On the two mandatories, we still have some passport cases we would like to clear up on the immigration issue. I explained how in principle that should be doable. On prison visits, we have had significant progress, including the signing of this declaration during Secretary Christopher's trip and since then, and more that we expect to happen. I think it is fair to say on the mandatory provisions, although I am not here to give a scorecard on the issue of the seven conditions, it is obvious that good progress has been made on those two.

On the universal declaration of human rights, we have been asking for a specific public commitment by the Chinese. After Secretary Christopher's visit, again, the Foreign Minister of China made an explicit announcement.

Now, practice is more important than rhetoric, but we did ask for this and they provided it. That is a recent step forward.

They have had meetings in late April with the ICRC on prison and prisoner visits. Again, it is hard to quantify the importance of it because of the confidentiality of these meetings and the strict criteria of the Red Cross. It is hard to know how important that is, but at least other meetings have taken place.

On Tibet, they have promised us more information on Tibet prisoners. We have not yet received that. We expect to receive it shortly. I went on at some length on this. What we think would be extremely helpful, and we have said that on many occasions publicly and privately, is if the Chinese and the Dalai Lama or his representatives would set a date for a meeting, because the Dalai Lama as recently as April 27 in New York has explicitly ruled out

independence being on the agenda if he sits down and talks with the Chinese. That has been the only explicit Chinese precondition up until now for such talks. It is not clear to us why they cannot get together.

The Dalai Lama, it seems to us, has gone out of his way to indicate his willingness to do this. We hope that they can set a date. That would be very important in the Tibet area.

On prisoners, we did have the release of the very significant activist, Wang Jungtao. We have welcomed that, but of course we have to see and would like to see more. We pointed out to the Chinese how under their own law, including medical paroles, they should be able to release more.

On VOA, the only step forward since we last discussed this is that we have now provided the technical information to the Chinese to show how VOA frequencies have been interfered with. The Chinese have said they are not jamming VOA. We are prepared to say it is a technical problem, not a policy problem, but let us just resolve it so that people can have access under international freedom of the airwaves, which is a universally recognized right.

That is a quick summary of some of the progress recently. We have been making it over time, and it is important that people understand that the Executive order has never asked for the transformation of Chinese society. We from the beginning have not been either arrogant nor naive enough to think we were going to change China in the course of a year.

We have suggested what we consider realistic criteria that reflect international norms, not American proscriptions. We have engaged in this comprehensive engagement of high-level visits and contacts within which we feel it should be, and indeed to a certain extent it has been, easier for the Chinese to move on some of these difficult issues as well as on our other goals.

For those who are saying, how can China be a Jeffersonian democracy by June 3, we would say, that has never been our expectation. We would not mind it, but we have never expected it to happen. Every country has to find its own way. We think these are realistic criteria. If people keep that in mind, then the measurement becomes more realistic as one makes a judgment.

Now, having said all that, we hope to make more progress, and look for more progress in coming weeks.

Senator KERRY. My time is up. I am going to follow up on the next round.

Senator ROBB. Thank you, Senator Kerry.

Secretary Lord, let me go back to the principal focus of this discussion, and any public consideration of this issue comes back to the question of human rights and concerns in that area, I think it is fair to say that the other Asian leaders, or Asian nations are not scrambling to embrace in every detail our approach to that particular issue.

If I recall correctly, when Kim Yong-Sam visited Beijing recently that matter was not even discussed. I recall that it was discussed only in a very passing way when Prime Minister Hosokawa was there.

Do you know if any Asian leader supports the U.S. position as articulated by the Executive order and/or other speeches, pro-

nouncements, et cetera, and I guess in that same context, if you would comment on Lee Kuan Yew's recent statement that the United States will find itself alone in the Pacific if it continues pressure tactics against China, or something to that effect.

The basic question is, how can we act multilaterally with our Asian allies to improve human rights in China without somehow shooting ourselves in the foot?

Ambassador LORD. Again, I am sorry for the length of my answers, but these are rich questions and they deserve some length. I will try to be as precise as I can. To get directly to your question, I do not know of any other Asian country that specifically supports linkage of MFN trade status.

Senator KERRY. Do you know of any other country in the world, maybe, other than Switzerland?

Ambassador LORD. Not offhand. It does not mean that it is wrong. It is just a fact.

Second, there are countries with varying degrees of sincerity and conviction which believe human rights are important, and indeed should be raised with China, although no other country ties trade status to it.

Australia is particularly positive in this respect. The United Kingdom is to a certain extent, but they have Hong Kong issues. Therefore, they are somewhat constrained at times. Even the Japanese certainly in principle agree. But let us say that they do not present this with any of the degree of force that perhaps we do. Most of our partners, I will be very honest, even though they may support in principle the question of human rights, either they disagree with our tactics, or they are very concerned about commercial and other dimensions. They want to soft-peddle human rights so they do not lose contracts. We are always trying to get multilateral support—we do not want to be out there by ourselves—but frankly it is not easy to get it.

We will continue to search for multilateral routes, such as U.N. resolutions. I would point out that although the Asians have some different views at times, and you cannot generalize about Asia, most of them, or many of them, on human rights, they all did sign on in Geneva after the Bangkok meeting to the universality principle.

I would just like to say, as a quick aside here for those who claim that the desire for freedom is a Western or an American export, please tell that to the Cambodians, or please tell it to the Mongolians, not to mention the South Africans and many in other parts of the world. I think this does belie the canard that somehow only Americans or Westerners care about shaping their future destiny.

Now, we can disagree on tactics and how to promote it, but I think that canard ought to be laid to rest, particularly when 95 percent of the Cambodian people registered to vote, despite Khmer Rouge violence and intimidation from other quarters.

With respect to Lee Kwan-Yu, I have the utmost respect—I have had many discussions with him—but clearly he has a different approach on this issue than some of the rest of us. I would disagree with him on the role of women, for example, which he has recently commented on. There are differences.

I am sorry to take this length, but this is a very important question for our Asian policy, and not just China. I would like to take just a couple more minutes on this human rights question.

This reflects a dilemma that we all face, the Congress and the administration, in the wake of the cold war. That is, how do you balance multiple objectives? We have always had multiple objectives, including during the cold war—pursuing security, economics, human rights, other issues. But during the cold war, we generally had a hierarchy; namely, security came first.

If we did not like a particular government, we sort of pulled our punches because we needed them as an ally against the Soviet Union. If economic ministers came to us with a trade or investment problem, we would say, get lost with your silly economic problems. We have got a cold war. We need Japan as an ally.

Those days are over. They should be over. Economics has risen. Security takes new forms. We are trying to promote our values without apology, but without arrogance. We have environmental, drugs, and other problems that affect our society.

The challenge for American foreign policy, and this is found in an acute form in Asia, is, how do you order your priorities? That is what is behind some of this dilemma.

Second, I think as we promote human rights, whether it is with China or other countries, I think we can strike the theme—I certainly try to do it—that we honestly believe that this is in their own self-interest, that you cannot develop an economy in an age of information and technology without open political systems. You cannot attract investment without the rule of law, you cannot attack corruption without a free press, et cetera.

Next, I would point out that we are not on a crusade saying other countries ought to be like us. We are talking about universal norms. Torture is torture. It is not an American concern, it is a universal concern, so we are generally talking about elements that are to be followed in countries' policies if they have adhered to the U.N. charter.

Finally, as we sort out priorities in the post-cold war agenda, let us keep in mind that we are not only reflecting our values, which the American people and I dare say the Congress require in our foreign policy as well as pragmatism, but we are promoting concrete American interests.

It may be a cliche, but it is true that open societies do not attack each other. Therefore, you have a more secure Asia, a more secure world, the more open societies you have. They do not produce refugees or practice terrorism. I would argue there are some very concrete objectives that are promoted by promoting our values. It is within that general conceptual framework that we are promoting human rights in Asia, including with China.

Reasonable people can certainly disagree on the instruments that are used. We should pay attention to our style. We should rely on NGO's, who are very important in Asia now. They are growing, and they can be a great source of help to lessen political friction between governments. Instruments should be multilateral wherever possible. I thought it would be useful to make that more general comment because it goes well beyond China into our policy in general.

Senator ROBB. And it is clearly at the heart of this hearing and the concern that has been manifested in various ways as we lead up to this decision, and I think it is fair to say that you would anticipate that question in a general sense in open session.

I have one more for you that I suspect you have anticipated.

The administration's decision last week not to cite China as an intellectual property rights violator, and to wait until July 1 to make a determination, seems to be at odds with the decision to initiate the process of pursuing trade sanctions against the 37 other nations cited by the USTR for intellectual property right violations.

We fight unfair trade practices with these 37 countries by eventually threatening section 301 trade investigations, but with China, human rights gets tied to trade sanctions while the administration delays responding to intellectual property right violations. That is costing American industry, by some estimates, some $800 million.

I would ask what would justify the different method and approach to China, compared to the other countries, and ask the question, would it not make more sense to choose to fight Chinese trade violations with trade sanctions instead of using trade measures to achieve nontrade objectives?

I think that is a fairly broad philosophical question.

Ambassador LORD. The authoritative statement on this was given by Ambassador Kantor when he announced the decisions across the board on the various trade matters related to the April 30 deadline. I would refer people to his statement.

Senator ROBB. But I realize he premised it on attempting not to inextricably intertwine the two considerations so that there would not be any confusion. I understand that.

Ambassador LORD. I would note that there are three countries involved, not just China, but Argentina and India as well. A decision was made by the administration and, indeed, they are the three perhaps most serious problems.

Because we have ongoing negotiations, and because they are so serious, we made it clear that this was not a decision that they had been fulfilling what we consider their obligations. It was a tactical decision to try to use the next 60 days to make progress, but it is very clear that if we do not make the kind of progress in the next 60 days that is required, then appropriate action will be taken. It is a tactical judgment and in no way reflects whether or not these countries are living up to what we think should be done.

In the case of China, they have pretty good laws on the books. They are just not enforcing them.

Senator ROBB. You would not suggest that the delay with the other two countries was not tied to the delay with China so that you could make the argument you just made.

Ambassador LORD. I would assume that—again I would refer you to Ambassador Kantor—there are other considerations with these other countries. I assume they wanted consistency. These three were in a class by themselves, so it would make sense to do all three and not just one.

Senator ROBB. Thank you, Mr. Ambassador. Senator Pressler.

Senator PRESSLER. Thank you, Mr. Chairman.

Recently, about a year ago, I was in Burma, and I came away with the impression that Burma had some sort of a military rela-

tionship with China that was getting fairly close. What is your judgment? Is Burma permitting China to maintain a military base or bases in that country? What is the military relationship between Burma and China?

Ambassador LORD. It is close, and we do not like it. I will give you a quick answer for a change, rather than a long one.

I do not know about actual bases, but China has been providing military equipment to Burma. We do not think anybody should provide military equipment to that regime.

Senator PRESSLER. Regarding India, in December, an Indian official told me the Chinese intent on regional dominance. Is this concern justified from India's point of view?

Ambassador LORD. I will let India and China sort out their own problems. They have historical tensions, obviously, including in the early sixties when there was a miniwar. I am not going to say that China is out for regional dominance. Obviously, it is a huge power. It is going to get bigger and more powerful with its growing economy. But India is also a very large and strong power. I see no reason why they cannot continue their improvement of relations which has been taking place in recent years.

Senator PRESSLER. Is there any indication that China is increasing its spending on strategic weapons, which could pose a threat to India?

Ambassador LORD. They are generally increasing their defense budget, including in this area. Obviously, by virtue of geography, this could have, in theory, application to India. But I see no evidence that China is intending any aggressive intent toward India.

Senator PRESSLER. OK. I sort of see the arms race there in that part of the world driven by China getter weapons and India being afraid of China, so therefore India gets weapons, and then Pakistan gets weapons, and everybody has an excuse, but it would seem that if we could find a way to cap all three—I know that Strobe Talbott has some plan to cap the India-Pakistan thing, but you would have to include China in any capping of weapons, would you not?

Ambassador LORD. I think in principle, absolutely. We have, as you know, and others in the administration have dealt with you on this particular issue a lot more closely than I have, been trying rigorously now to launch an initiative involving these countries to cap the nuclear race. We do think it is a serious problem on the subcontinent.

Senator PRESSLER. Now, in your judgment, is there any indication that China has delivered M–9 class missiles to Syria?

Ambassador LORD. I do not believe there is any firm evidence on that. No.

Senator PRESSLER. Is there any indication that they have delivered M-class missiles, or the technology to produce them, to Iran?

Ambassador LORD. Again, the same answer. As I said earlier and more generically, if we had absolute proof of something that we felt we should bring to your attention and/or take action on, that would happen. Again, as I said earlier, I do not want to rule out possible gray areas. We will also double check all of my answers today to see whether we can provide you with a more complete rundown.

Senator PRESSLER. I guess that would include the status of contracts which China has for the delivery of M-class missiles to the Middle East. Do you have anything to expand with on that?

Ambassador LORD. Not beyond what I have been saying about these other specific countries. But again, in each case we will give you a full rundown as best we can.

Senator PRESSLER. Has China indicated any recent willingness to return to the P–5 arms talks?

Ambassador LORD. No.

Senator PRESSLER. Have there been any recent Chinese official visitors to Los Alamos or Lawrence Livermore Labs?

Ambassador LORD. I do not know the answer to that question, but we will get it for you.

[The information referred to follows:]

Question. Have there been recent Chinese visitors to Los Alamos or Lawrence Livermore Labs? If so, please provide details.

Answer. In the context of DOE's initiative to reduce worldwide nuclear danger, Los Alamos, Sandia, and Lawrence Livermore hosted a Chinese Government science and technology delegation February 18–26, 1994. The labs arranged a program that included discussions of environmental restoration, laboratory conversion to civilian application of technology, nuclear safety, basic science research and general international principles of nonproliferation and arms control.

Senator PRESSLER. What is the status of the U.S.-China defense conversion mission?

Ambassador LORD. Assistant Secretary Freeman of the Defense Department visited China a few months ago to begin talking about this issue. Under Secretary Wisner was with Secretary Christopher and myself in mid-March and continued these discussions. It is still in a fairly exploratory stage, but we think we can be of mutual benefit here.

Senator PRESSLER. Has there been any indication that legal American exports have contributed to China's strategic weapons program?

Ambassador LORD. Legal, did you say?

Senator PRESSLER. Yes. Legal or illegal, but I did say legal. They would have to be legal, or at least I would hope they would be legal.

Ambassador LORD. Certainly not knowingly. That would fall under proscribed areas that we would not do. There is always some debate by experts on dual-use technologies that might be of some use, but I do not know of any convincing evidence in this direction.

Senator PRESSLER. Getting back to my first question, what is this business about them using private companies, their businesses to raise money for part of their military budget? They have some lucrative commercial operations, I understand, in the United States. How does that work?

Ambassador LORD. Again, I will get you a better answer. Yes, they have been using companies for commercial purposes to make money, particularly when they did not have much of a defense budget, or at least not as much as they felt they needed. I am not aware of what they are doing in the United States. I am not quite sure of the thrust of your question, in terms of operating here.

Senator PRESSLER. Last summer, I visited the headquarters of one of those companies. I did not learn very much there, but I was told that they make a lot of money which they devote to new weap-

ons systems somehow, the profits from those companies go in that direction.

Ambassador LORD. I am sure they do but, as I said, I think the figures you cited earlier—and we will have to look into the University of Hong Kong study—seem highly exaggerated.

Senator PRESSLER. OK. Well, the way it seems to me at a distance is that we have—and I am all for being friends with China and trading and so forth. We have a basic problem that is developing in Asia in that they seem to be driving the nuclear arms race in China and India and Pakistan and North Korea, and I do not think Japan will sit still. They are going to get to a point where they just have to turn a screw or two to have a nuclear weapon, if this nuclear proliferation continues.

What is your vision of the next 5 years on nuclear weapons in China and that region? What is going to happen?

Ambassador LORD. First, I do not think it is fair to attribute to the Chinese program all of the nuclear problems in Asia. For example, I do not think North Korea is building or may be building or hopes to build nuclear weapons because of China's nuclear weapon program. I think we have to try to be fair in terms of the causes and motivations.

Even India and Pakistan have other concerns besides China. I agree it is a serious problem in the region, but I do not think it is fair to say that it is all China's fault, to be honest.

Senator PRESSLER. But if you went back 5 years, you would have to agree that Chinese companies aided the North Korean ballistic missile program though, would you not?

Ambassador LORD. As I said, their performance has gotten better in recent years as they have realized, their own security is involved here. In the past they have been helping various people in that region develop in a way we do not think is helpful.

I think that on the whole they have improved their performance there. But in terms of predicting the future, it is always tough to predict the future. I am still relatively confident that Japan would not seek to develop nuclear weapons certainly in the next 5 years.

Now, that is one reason the North Korean issue is so important, of course. Clearly, the debate in Japan might shift somewhat if North Korea clearly had a nuclear weapons capability. I think even then it is not automatic that they would go nuclear, however.

We are trying very hard, and I respect your deep interest in this subject. Through this subcontinent initiative that we have talked about, through diplomacy with North Korea and resort to other measures if necessary, through our discussions with the military in China—one of the reasons we are talking to the military again is nonproliferation—through a comprehensive test ban, through many routes, we have given nonproliferation in this administration an extremely high priority. We share your concern about it particularly in this region, and we will continue to do so working with them.

Senator PRESSLER. I might say that I would really like to see a creative idea. I know the administration proposed to repeal the amendment regarding Pakistan, to let them take in 38 F–16's in exchange for capping their nuclear program if India would cap theirs, but the root of the problem is you have to have China in-

volved, because China is what India seems to be afraid of in terms of hegemony and so forth.

So I would hope that if you come back with another plan—and I know that Strobe Talbott has been working on this and on others, that it would include China, but the administration seems very hesitant to talk about China's nuclear program and its militaristic activities, especially nuclear program, because I for one believe that North Korea would never have gotten nuclear weapons and gotten on the nuclear path.

I know China has reversed itself in the last 2 or 3 years, but they have been the major driving force, and I also believe that Japan will not sit still if China continues to expand its nuclear program. Is that a fair statement?

Ambassador LORD. I think obviously, if trends continue, these kinds of dangers are more likely. I do not think they are automatic.

I share your concern. Reasonable people can disagree about how fast the worst nightmares might eventuate, but we really do put a high priority on this. An awful lot of time is spent on nonproliferation generally in this administration and in this area.

Senator PRESSLER. If I could slip in one last question. If you were a Japanese military planner, what would your recommendation to your government be in view of the Chinese nuclear program?

Ambassador LORD. I would say, keep cementing the alliance with the United States with its nuclear umbrella.

Senator PRESSLER. Would you really?

Ambassador LORD. Yes. [Laughter.]

Senator PRESSLER. You would probably get fired. [Laughter.]

Senator ROBB. Thank you, Senator Pressler. Senator Kerry.

Senator KERRY. Mr. Secretary, just a quick followup on the line of questioning of Senator Pressler.

As both a member of the Intelligence Committee and this committee, there is nothing that I have seen that indicates to me that we are currently discerning that the military improvements being made in China are in any way outwardly directed. Is that not accurate?

Ambassador LORD. As I said earlier—I am not sure you were here for that colloquy—there is some projection capability, if that is what you are mean. The Chinese are either rumored to have or beginning to acquire it. There is some of that, certainly, projection capability. I would not have a flat statement that they are not doing that.

I did say earlier, in terms of the general alarmist dimension of this, that clearly those countries near China have more concern about implications of military buildup than we do. What China is doing now is from a relatively low technology base and projection base. It does not immediately threaten us, nor do they have aggressive intentions to threaten us, but their neighbors are somewhat more concerned, particularly over the long run.

Senator KERRY. And to whatever degree that is happening, that raises to a very high order of priority issues of regional security, does it not?

Ambassador LORD. Of course.

Senator KERRY. Second, is there not a major order of priority with respect to Chinese cooperation on the Security Council with regard to Bosnia and other trouble spots in the world?

Ambassador LORD. Yes.

Senator KERRY. Is there not a major priority with respect to proliferation generally—Pakistan, the Middle East, and elsewhere?

Ambassador LORD. Yes.

Senator KERRY. Is there not a major priority with respect to the nuclear capability of North Korea?

Ambassador LORD. Yes.

Senator KERRY. Is there not also a majority priority with respect to environmental and population concerns?

Ambassador LORD. Yes.

Senator KERRY. And is there not also a major priority with respect to Russian border issues and India and Pakistan themselves?

Ambassador LORD. Yes, and I hope you like the brevity of my answers.

Senator KERRY. I do. And is there not a major priority with respect to continued cooperation vis-a-vis the Khmer Rouge, the peace process of Cambodia and, indeed, the regional stability of southeast Asia?

Ambassador LORD. Yes.

Senator KERRY. Now, all of those are, it seems to me, on an order of priority, without diminishing human rights, of a critical nature to the foreign policy objectives of the United States.

Ambassador LORD. Yes.

Senator KERRY. And I want to separate the next 4 weeks and the Executive order, because I think there is one order of priority and treatment of that vis-a-vis the future.

But regarding the future, what tools are available to you, other than MFN, to push the interests of human rights, bearing in mind that during the cultural revolution, during the period of Kissinger's overtures all the way up through Brzezinski in 1979, there was no linkage of MFN and events in China were far worse than they are today?

What other tools are available to us to press the interests of human rights which we ought to be pressing?

Ambassador LORD. There are several points. In terms of our interest to China, you can also add to your list the economic interest.

Senator KERRY. I purposely wanted to leave that one out.

Ambassador LORD. There is drug smuggling and so on.

Senator KERRY. Agreed.

Ambassador LORD. I said yes to all that. That has been reflected in our policy. Human rights is not our only goal. It is a goal. We do not apologize for that. We think it is important.

But we have consistently pursued these other goals. We have done so in particular since last fall through comprehensive engagement which not only was designed to try to make progress in human rights by having a broader framework within which to deal with the Chinese on this sensitive issues, but to pursue these other goals, almost every one that you have mentioned. Indeed, we have had some positive engagement. We have had progress.

The Chinese have cut off aid to the Khmer Rouge. They have been generally helpful on North Korea. They have been helpful on

drugs, helpful on alien smuggling. There is a mixed record, certainly, on nonproliferation. I will not go through the whole list. But I would just say that I agree with you readily and very briefly because that is what is underlying our policy toward China—to pursue all these goals through this comprehensive engagement.

Now, I would also argue that, at least over time, that you cannot neatly separate these. I have already made the point in an overly long answer before that an open, more pluralistic China will be a more stable China in my view, one that will develop faster, and, above all, one that will make for our security, that would be less apt to be aggressive, if the Chinese were open to popular opinion. They would be less apt to proliferate dangerous weapons if they are open to popular opinion.

I would argue that in promoting human rights we are also promoting these other goals. We are promoting the other goals in the ways that I have suggested.

Now, the second part of your question, other tools, we have been employing many of these. Perhaps we can give even more emphasis to them no matter what the decision is coming up. I do not want to give a complete checklist because I will leave something out.

I do not mean to say that any of these we are not doing, that we are going to do. But among the things, of course, are diplomatic initiatives and rhetoric in general, private and public, trying to get other countries to join us. I have already addressed that. That is not always easy.

U.N. resolutions. Again, these are important, and symbolic, but we could not even get a resolution through Geneva a few weeks ago right in the middle of Chinese detentions and arrests. There is only so much you can do through U.N. resolutions.

Again, introducing this neutrally at this point, there has been discussion of a voluntary corporate code of conduct promoting human rights in China. There is voting in the multilateral banks on human rights grounds. Our present policy is to abstain except on those projects which are related to basic human needs, but we do not control the votes in the multilateral banks.

There are various other ways to pursue it. I think that, wherever one is on the side of the debate on MFN, most people would say that it is the strongest weapon, both in a sense of leverage on the one hand, but possible damage if you do not use it right on the other hand.

That is not making the case one way or the other. I am just saying that because China exports almost 40 percent of its exports to the United States, and indeed, a great deal of their hard currency is earned in trade with the United States, where they have a $23 billion deficit, MFN clearly has more bite than some of these other more general or symbolic approaches.

Reasonable people can also point out the disadvantages of using this kind of instrument. I am not debating that. I am just saying that we should not kid ourselves that these other approaches have as much power to them as MFN. That can be an argument for or against using MFN.

Senator KERRY. Fair enough. I know my time is going to run out here in a moment. I think it is very important that you and the administration be left the flexibility and the ability from the Con-

gress to make whatever decision you deem justified at the end of this month.

I think it is very important that no matter what our feelings here in the Congress, that you be given the right, and you have the right, to press what are really fairly de minimis requests in the context of the Executive order.

I agree completely with your earlier statement that this is not pressing an American conscience. It is not pressing an American view of the world. These requests are based on the universal declaration of human rights. These are the minimum standards for flow of information and so forth, and I think it is very fair and admirable for the United States to be pressing that, and appropriate to seek that action.

I would say, however, for China and for their benefit, and you do not need to respond with respect to this if you do not want to, I would hope that the Chinese would not underestimate the determination of the administration to remain true to the Executive order in these next weeks.

I would also hope they would not underestimate the strong feeling by many of us in the Congress that if China can meet that de minimus standard and express its desire publicly to be a partner in these efforts in a different relationship, that we are prepared, many of us, to move to that different relationship.

I was a supporter and voted for the Tiananmen linkage with MFN. I do not second guess it today. I think it was appropriate in 1989, in the bipolar world, in the circumstances we lived in in the wake of that event, but I feel very strongly that we are now in a different world at a different time, where it serves both of us to move beyond this linkage.

It is really up to China and not us whether we avail ourselves of that opportunity, but I do want to see us get beyond the use of a cold war tool, Jackson-Vanik in this context, which has been somewhat changed, which runs the risk of turning someone who is not per se a cold war adversary today into a cold war adversary.

Clearly, if we do this on an annual basis or maintain this linkage down the road—and I will just finish up, Mr. Chairman—I think we run the risk of diminishing the potential of a larger relationship in those many areas where you have articulated cooperation that exists today that is of huge importance to us in world affairs, and ultimately to progress in human rights.

We would be better served by not having an annual linkage in the long run, better served by developing this relationship so there are less public, less unilateral confrontations, and more multilateral fora in which we try to establish the standards of behavior, including potentially the negotiation into their participation in GATT, or the linkage of MFN to GATT rules and behavior which would mean open trade, and so you have trade for trade and not this current anomaly.

But the great fear I have is that in the long run this tool of human rights—and if you go, as I have, and Frank Murkowski and others have to China—the folks with the greatest amount of freedom, the greatest increase in standard of living, the greatest movement between jobs, the best pay scale, are the people working in Western joint ventures or the unitary holdings of other countries.

The flow of information and our ideas should not be underestimated in terms of their power.

Most of the dissidents I met with said to me, we want the pressure, but we do not really want to lose the connection. I think it is terribly important for us to think about that as we go down this road.

The next weeks are vital to us. I would like to see us establish a new relationship beyond June, and I hope China will reach out to us and enable us to do that so we can deal on proliferation, on environment, on U.N., on Korea, on India-Pakistan, on the Russian border, on the global gangs and narcotics trafficking and other issues where their cooperation is so critical, and avoid the risk of turning one event into a long-term adversarial relationship which diminishes our ability to move on so many of those other fronts.

I asked you not to respond. I do not think you need to today, but I did want that to be part of the record because I think it is important for China to understand there is thinking in Congress that we would like to have a better and a different relationship.

Thank you, Mr. Chairman.

Senator ROBB. Thank you, Senator Kerry.

We have been joined by the ranking member of the subcommittee, Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. I have been unavoidably delayed trying to make up my mind whether to run for Governor or not today.

Senator ROBB. This is not an appropriate forum, but if you would care to comment we will not tell you not to.

Senator MURKOWSKI. Better not say until I have a better idea.

Senator KERRY. Does that advance our chances in the Senate?

Senator MURKOWSKI. Well, you never can tell. I have got about nine Cabinet seats open up there.

Seriously, I want to thank Secretary Lord for being with us today. I recognize the difficulty of responding to questions that are direct when, indeed, foreign policy oftentimes is not. But I think that what we desire is consistency. I think we are frustrated by the reality that sometimes we say we are going to do things and then we do not do them, and I am sure that is frustrating for you as well.

Whether it is Haiti or North Korea or Bosnia, I think there is a feeling that our foreign policy is kind of like a crab, and if you have ever watched a crab move down the beach, they move down the beach all right, but they are going different ways. And I think that we need consistency, and with consistency will come the uniformity of respect which this Nation certainly has had in the past and will have in the future. So that is not remark that is anything more than general, but one perceived to a certain extent about how our foreign policy is perceived.

Mr. Chairman, I am told that May 4, the date of this hearing, marks the 75th anniversary of the May 4 movement in 1919 in China.

Senator ROBB. I might interject, Senator Murkowski, that it is also an anniversary of Secretary Lord and his wife, but not the 75th.

Senator MURKOWSKI. Well, we will move on with what else I know. I do not claim to be a Chinese scholar, and you would all agree with that, but it is significant that the demonstrations that occurred at Tiananmen on this date in 1919 led to the birth of contemporary Communist China. I see Dr. Gong is going to be joining us and perhaps he can enlighten us on this point.

But in any event, I am kind of struck with the continued consideration of the merits of most-favored-nation status for China. I know most of your questions have gone into that area. I would also add that when visiting China, it does not take one long to find that the center of civilization in the minds of the Chinese is, indeed, China, and visitors there are quickly reminded of where history began.

And I cannot help but wonder if, as the People's Republic of China perceives us and this extended debate on most-favored-nation status, if indeed they might not decide that they are better off with an annual review of their most-favored-nation status, because then it allows them to escape the scrutiny of our criticism on other issues. And I am wondering if they are just not playing the philosophical card, so to speak, and saying, well, gee, every time it comes up, the argument in the Congress is whether or not they should renew it, and it will come up again, and in the meantime we—the Chinese—will have more flexibility than we would if we were bound to something.

I would appreciate your comments on why that would not be a reasonable and responsible motivation in the eyes of the PRC?

Ambassador LORD. First, let me say that in past hearings I have praised Alaska salmon. I am happy now to praise Alaska crabs, Senator Murkowski. You mentioned crabs.

Senator MURKOWSKI. Thank you, Mr. Lord.

Ambassador LORD. First, I do not think the Chinese welcome privately—they certainly do not welcome publicly the annual review. They feel there should not be linkage and that this kind of approach should not be pursued. I think that is sincere because they do not want to lose a $23 billion trade surplus. They do not want to lose 38 percent of their exports.

Senator MURKOWSKI. But they have never lost it either.

Ambassador LORD. That is correct, but they would prefer not to have the uncertainty, frankly.

What I guess you are getting at is do we go easy in other areas while we are debating this subject?

Senator MURKOWSKI. Well, no, it is a little bit the other way around. It is they want to have access to our markets, we want them to have access, but they have had it before by not complying to the extent that we have wished to see them advance in human rights and other areas. And so they duck the hard issues by it coming up each year. We are a little unhappy with them, but the merits and motivation and advantages are mutual, so we extend it.

Now, that is kind of what we are doing this year. We are saying we are not happy with their advancement in human rights, but, you know, it is better to maintain communication because you bring about change and influence. I am just wondering if we are playing our card, or they are playing their card regarding most-favored-nation status which, you know, we take up every year. And

each year we make threats, and we say this is the last time, but it is not the last time.

Ambassador LORD. This is the first year where it has actually been conditioned. There was a congressional mood and views before which President Bush always successfully vetoed. We have only had 1 year of experience on that. I believe there has been some progress, as we discussed earlier in this hearing. I think that is due both to the MFN policy and a comprehensive engagement policy.

Therefore, I do not think the Chinese have been ducking completely their obligations in this area because we have been negotiating. Even though they do not like to talk about this necessarily, thinking it to be a domestic issue, they have engaged in very serious, prolonged discussions with the President, with Cabinet officials, with Secretary Shattuck, myself, and others. I think they now recognize it, at least de facto, as a legitimate item on the agenda.

But there is no question in my mind—to get back to the main thrust of your query—that they would prefer not to have this linkage. In any event, we intend to pursue this dialog. I think they now recognize it is a legitimate item for discussion. We are willing to make it a two-way discussion. If they want to talk about human rights in the United States, they are perfectly free to do so.

Senator MURKOWSKI. Well, our President has been quite outspoken in earlier statements relative to showing, indeed, some real progress. And I guess that progress is kind of in the eyes of the beholder, but I think it is fair to say that we are not satisfied with the progress. But we are going to be taking this up in June, and it is either most-favored-nation status or not; there is no gray area.

So I think, again, we should recognize that the PRC's motivation, indeed, may be justified in a continuation of the present process where we grumble and they grumble and we continue with business as usual. And we are still asking for further advancements, and they say they will advance at their own pace. And, you know, the American thought process is let us get this resolved, get it fixed, get it behind us, because we do not like these things that last for a long time because we are not noted for our patience. But, indeed, one of the virtues of the Chinese oftentimes is their patience.

Ambassador LORD. Again, I would say that that would be a more subtle policy on their part than I detect. I happen to believe that they do not like the linkage and the annual debate. I would point out that I do believe that more progress has been made on certain areas over the past year in bilateral dealings with the Chinese than certainly any other country has achieved—and it goes without saying—than in previous years what was achieved.

Now, there has been some slippage in certain areas as well. But whatever the cause—and I believe it is comprehensive engagement plus the highlighting of human rights by the administration, there has been some progress made. It is not always acknowledged sufficiently. But there are remaining areas of concern, no question.

Senator MURKOWSKI. OK. Let me move on to another area, and that concerns how we call on our allies to use their leverage on nations that we would like to see make internal changes. And I speak specifically of North Korea, where Kim Il-Sung and his son are hellbent to develop a nuclear capability of some type for some pur-

pose that we have yet to determine. And where we would like to ensure that the IAEA inspectors are allowed in to check on the extent of the nuclear capability.

I think the first agreement goes back to 1992 when the North Koreans agreed that they would accept inspections, but we have yet to have satisfactory inspections. During that time, they have picked up 2 years. We were told by Under Secretary Lynn Davis that the last effort to get the inspectors over there was one that they felt confident would reap some real rewards from the standpoint of having the oversight. Clearly, it did not. And so they are buying still more time.

Yet China supplies the North Koreans with 73 percent of their food and 75 percent of their oil. Why cannot we go to China and say, hey, we want some assistance here and we expect it. And I do not say you do a quid pro quo on most-favored-nation status, but clearly it is there for everybody to see and reflect on. It would seem to me that that would be the type of negotiations that, if they have not occurred, should occur.

The same is true with Japan. You know, the Japanese pachinko activity is running a lot of yen into North Korea. That activity is primarily operated by North Koreans in Japan. But yet with Japan we have initiated trade sanctions and they are a little reluctant to help us out. So it seems to me the leverage that we would ordinarily have, we do not have. We said to the Chinese and Japanese that we are going to do things that they do not like; we have not done them, but as a consequence of the threat they are not likely to do what we are asking them to do.

And you know my position on Taiwan. I feel very, very bad that we chose to initiate sanctions against Taiwan on animal parts when we did not China. Similarly, on intellectual property rights, we chose to omit China. Clearly, we are going, I think, almost overboard in accommodating China in hopes that they will give us something positive or be responsive to us on human rights. And I do not see them doing anything more than playing their Chinese card, knowing that, well, most-favored-nation status will be up again.

We have also got a situation where we bring Yasser Arafat into the country. Who else do we bring in? Well, a number of leaders. I think—well, I have got some notes around here somewhere that I cannot find. The Dalai Lama visited Washington last week. The representative from Hong Kong, Mrs. Chan, a charming lady, visited Washington this week. But Taiwan President Lee, because of the diplomatic niceties we cannot quite overcome, is not allowed to stay overnight in Hawaii. Again because we are concerned about the reaction from the PRC.

I do not know that the American public really understands and appreciates, if you will, why our friends such as the Taiwanese are kept so far out and others without formal diplomatic relations with the United States can come to Washington. We are in a quagmire. We cannot use the Chinese against North Korea effectively; we cannot use the Japanese effectively because we have got trade problems; and we cite Taiwan and we do not cite China.

And I think it is just time to let the whole world know that we think a lot of our relationship with Taiwan, as well as with our re-

lationship with the People's Republic of China. Those of us who have traveled in China are always amazed at the development of the southern provinces, where the money is coming in from Taiwan and washing through Hong Kong and the goods are coming out of southern China through Hong Kong and going to Taiwan. And the whole world knows about it, but President Lee, he is not welcome in the United States.

Ambassador LORD. There are several elements there. I will try to respond as briefly as I can. We are not often accused of being overly soft on China, to be honest. Most people think we are being too tough on them in certain areas. That does not mean we are necessarily right, but it does suggest that we must be somewhere down the middle.

Senator MURKOWSKI. Well, not sanctions——

Ambassador LORD. I would point out—excuse me, and with all respect—this administration and the President is the first President to condition MFN. Maybe people do not like it and maybe it is the wrong instrument. But, in fact, it has never been done before.

Second, we went with M–11 sanctions last summer. Third, we were on the edge of textile retaliation, and we got an agreement. I would argue that there has been a consistent pattern where either required by legislation, or as a negotiating tactic, we have been willing to be quite firm. Now, we have many other interests that Senator Kerry and others have pointed out. We are trying to build a constructive relationship with China.

There are different methods and different tactics used in different areas, but I do not believe that we have any pattern of buckling under to China. I think, in fact, most criticism of the administration seems to be coming in the other direction—we are not being nice enough to them.

Several other things. On the Korean question, first, without getting into a long discussion of that, we will not negotiate—and we made that clear to the North Koreans—unless we are relatively confident or fully confident that the clock has stopped, that they are not taking advantage of this to advance their nuclear program. We brought the issue to New York once we were concerned about the full inspections not being carried out by the IAEA. We will go back there again if we have to, if the present delicate negotiations do not work out with the IAEA and with us.

We believe in patient diplomacy, but only if we are not losing ground as we conduct it. We have been urged to practice patient diplomacy by Japan, South Korea, and China, the very countries you mentioned that it is important to keep on our side. One reason we are doing patient diplomacy, with some criticism from the outside, is precisely so we can work multilaterally with these countries.

We carry on meticulous consultations with South Korea and Japan, as well as with China, on this issue. I have every confidence that Japan will cooperate as best it can if we get to a point of sanctions. They have made that clear privately and publicly. It will not be necessarily easy for them, and we all hope we can avoid that situation. That is one reason Japan wants us to be patient. But I do think they would be helpful. They have made that clear.

China, clearly in its own self-interest, does not want nuclear weapons there, and they have been helpful already. I do not agree with you that they have not been helpful or that the Japanese have not been helpful. They have on the subject.

Senator MURKOWSKI. Well, there are 2 years that have gone by. That is what concerns me.

Ambassador LORD. It concerns us too, Senator. We believed that since last June—it has only been about 9 months since this administration has entered into any diplomacy with North Korea, not 2 years—this problem, which goes back several years, was one that should be attacked and not ignored, as it had been to a certain extent. During that period, we made explicit to the North Koreans that we would not continue talking if they took any steps which, in fact, suggested the clock was not stopped and unless at least we were not slipping backward.

We have had very modest progress. They have stayed in the NPT, however precariously. They have allowed some inspections, as opposed to none if we had not been negotiating. And they have agreed, in principle, to denuclearize the peninsula with the South Koreans. Now, implementing that has been very frustrating and very painstaking. I assure you that we will continue to go to other measures and go back to New York if we do not get the proper inspections.

Finally, to get to Taiwan, which you and I have discussed on many occasions, I believe we share a mutual commitment, certainly it is the administration's view, about the importance of our relations with Taiwan. These relations are unofficial. For several administrations, Republican, Democrat, Liberal, Conservative, we have had a pretty consistent policy on Taiwan which I believe has been very successful for Taiwan's own self-interest, as well as the U.S. self-interest.

There is admittedly a certain balancing act here. We are trying to improve our relations with the People's Republic of China, but we are trying to remain faithful to our friendship and our history with the people in Taiwan. I believe we have been successful. We have sold them necessary defensive arms, even though Beijing objects to that, to help assure their defense. I would argue that good relations with Beijing is a restraint on Beijing for not being aggressive toward Taiwan.

Taiwan's prosperity, I need not tell you how well they have done in the last 20 years under very difficult circumstances. Therefore I believe that our friendship and our ties with Taiwan are very strong. We will continue that, I can assure you. I think we have been successful in this balancing act and we will continue to show friendship and deal with Taiwan as we have been doing.

With respect to visitors, I know that is another part of your question, we did permit, just in the last 24 hours for the first time ever, the President of Taiwan to stop in Hawaii on his way to an inauguration in Central America. We did this at the request of Taiwan because it was necessary for the safety of the President and his airplane and passengers. We have made it clear we are prepared to consider transit stops like this. But through several administrations I would again point out that we had been careful on this issue

because of the suggestion of officiality in our relations, which is not part of our general policy.

Senator MURKOWSKI. Well, I will not pursue it, but the inconsistency to me is Arafat, the Dalai Lama, and Anson Chan, who basically fall into a similar category with President Lee in the minds of many Americans, are allowed to come to Washington and meet with officials. But I do appreciate your candid response, and I want to commend you on the job you are doing, because it is a very tough job, and you are doing, I think, a very commendable job under some difficult pressures.

Ambassador LORD. I appreciate that. Thank you, Senator.

Senator MURKOWSKI. Mr. Chairman.

Senator ROBB. Thank you, Senator Murkowski. If it is any consolation to you—since you indicated that one of the things that you were doing today was contemplating your future, as one who has served in that capacity you might be interested in knowing that I first met President Lee when he was Governor Lee, when he was in my State and we were both serving as Governors together and he traveled quite freely at that particular moment. So it does not solve your problems altogether, but it may give you some insights into where you want to go from here.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Senator ROBB. Secretary Lord, let me just pursue one area that has not been touched on so far this afternoon, and really may add to the understanding in this area. It is related, and may explain some of the activities that have been interpreted as being intended to send a message to the United States, rather than dealing with the internal situation in China itself.

You mentioned when you were here last time that you thought that the rounding up of some of the dissidents was more related to internal concerns and conditions than it was an attempt to provide a direct affront to Secretary Christopher and yourself during the visit. There obviously have been a number of reports of unrest in the countryside. There are reports of some of the teachers, police I guess, others not getting paid. There have been a number of reports that the economic conditions and inflation are providing more than a little difficulty for the leadership, and that their frustration sometimes may have led them to round up dissidents to keep the problem from becoming any worse locally without any other particular means of dealing with the situation.

Could you comment very briefly on the interrelationship between economics and dissent in China today and how you think that may contribute to the international perception that is sometimes captured in the discussion of human rights?

Ambassador LORD. First, let me repeat that I think, since China has an interest in good relations with us and would have no interest in embarrassing the Secretary or the United States, I will repeat what you have also said, that the recent detentions have to do with their domestic situation, not with their relations with the United States.

I would point out on various visits by various people over the years, including visitors who went to China after Christopher recently, the Chinese do have a practice sometimes of detaining people so that there will not be embarrassment during the visit, or

that they will not meet with the visiting party. That was true during the French Premier's visit, true of the Australian Foreign Minister's visit, and so on. I think this is unfortunate, to say the least, but it is a pattern here and it is clearly not just directed at the United States. It has to do with their domestic situation.

To get to the heart of your question, China has done very well economically on the whole, when you consider the challenges they have had. And the stories about their growth and so on, their potential, sometimes get exaggerated, but I think under the reforms and the opening to the outside, on the whole they have done very well indeed. But sometimes we swing one direction or another when we look at China. Either they are a basket case or they are a thriving, rich country. I think we have to recognize the dimensions of their problem and not overexaggerate how well they are doing, even as we acknowledge that they have clearly done quite well indeed.

The Chinese are running into some problems. I think with 1.2 billion people and with the poverty levels they have had and so on, it would be amazing if they did not have some problems. Not only do they have inflation, but they have unemployment problems. For example, there is a floating population of tens of millions from the countryside going in and out of the cities that are either underemployed or unemployed.

If they want to move toward a market economy, they have got to make more efficient their state enterprises, which I think maybe up to half are losing money now. This is a big strain on their budget. To that, you have to sometimes lay off workers. If you lay off workers, you get labor unrest. And in China if you lose your job you do not just lose your salary, you lose medical benefits, housing, schooling benefits, and so on.

To get to your question about relation to dissent, back in 1989 there were millions of demonstrators, peaceful for the entire 7 weeks in over 200 cities from all walks of life including workers. In a Communist society, obviously the unrest or unhappiness of workers is even more serious than that of students. There is a relationship here between their economic problems and some of the steps they have been taking, and the whole question of human rights.

I am reluctant, for reasons you can understand, to comment at great length or precision about their domestic political situation, but I hope those general comments will be helpful.

Senator ROBB. I think they at least flesh out the picture that may not always be fully represented in some discussions along this line.

Ambassador LORD. I might add, it makes it somewhat objectively difficult for us to advance on the human rights front, no matter how brilliant or how unbrilliant our policy, if they are in this kind of situation. It would suggest that perhaps they are less flexible than we would like them to be, at times.

Senator ROBB. Let me conclude my questions with just one reference to your opening statement. You made the statement: "I can assure you that the report on human rights will be accurate and credible. We will neither inflate nor denigrate the progress achieved."

I am assuming that that means that a very literal interpretation will, in part at least, be dispositive as to how the President will react to the circumstances and the progress report that you make to him. And notwithstanding progress in the other four areas, as well as the two mandatory areas, that this by itself could be determinative of the whole question of extension of MFN. Is a fair assumption?

Ambassador LORD. The point I was making is that the one thing that will not happen is for Secretary Christopher to submit a report to the President, which he is required to do under the Executive order, that inflates or pretends there has been progress when there has not. We will acknowledge where there has been progress.

Again, keep in mind we are not looking for dramatic transformation in terms of measuring sticks. But whatever the policy decision, which is different than the recommendation on the assessment of progress by Secretary Christopher, the President then will still have a decision to make, how he acts based on that report and that recommendation. That is another issue.

Senator ROBB. But the rhetoric to date, both from the President and from Secretary Christopher, and to a certain extent from yourself, at least in this area, has been relatively specific with respect to the requirement for some if not measurable, demonstrable progress as necessary for the compliance with the terms of the Executive order. Is that correct?

Ambassador LORD. That is correct. We have been trying to indicate to the Chinese how much and what kind of progress we think would meet the criteria so that they have some sense of what is required. And we have assured them we would not move the goalposts, et cetera. But some of this is somewhat subjective. When you have adjectives like "overall significant progress," obviously it is not clinically precise. Frankly, the Congress and the President preferred to have it that way. But I am saying we will try to make it as accurate and credible as possible in the Secretary's report to the President. Then the President has to decide, based on that, what action he will take.

Senator ROBB. Well, let me put it this way—and I am not trying to put you back out on the thin ice where obviously you did not want to tarry earlier on, and I can understand that. But if a determination in this—to use your words, "accurate and credible." If the report, "accurate and credible," comes to the conclusion that there has—or an objective observer reading it would conclude that there has not been the progress, on balance, would that by itself dictate or at least limit the options that the President would have to consider?

Ambassador LORD. Obviously, it would influence his options. There are various political as well as legal considerations here, but I really do not want to prejudge the President.

Senator ROBB. I am sure you do not want to get into this either. Let me put it this way. If it was clearly a negative report, would it still be possible for the President to extend MFN, if this single report was viewed objectively as being negative?

Ambassador LORD. First, barring unforeseen circumstances, the report certainly will not be negative in the sense that there will not be considerable progress to report.

Senator ROBB. I understand.

Ambassador LORD. I know what you are saying. You are saying whether there is overall significant progress. There will be some presumably negative elements where we have seen some slippage, but there will certainly be signs of progress. We have already achieved that, and we hope to achieve more.

Obviously, this report will be a very important part of the President's decision. What he has to do legally and what is required politically and in terms of his foreign policy objectives, all have to be considered. I would rather not go beyond what I have said.

Senator ROBB. I think that is wise.

Secretary Pressler. I mean, Senator Pressler.

Senator PRESSLER. I have just one or two more questions left.

On that note, you know it is sort of a humorous thing up here on the Hill because when the administration changes from Republican to Democratic there is a shift of speeches on the Senate floor. And my good friend John Kerry, if he was here, and he is a good friend so I can joke with him, I am going to tell him he gave George Bush's speech of just a couple years ago here today, and with the same accent.

In any event, let me say that I pass through the airport in Chicago all the time going home to my constituency, and I read all kinds of newspapers. And everything that I bring up here has been in the news media. And we want to be friends with China, and I know that the administration and its friends are working hard to put a good face on everything about China.

I must just conclude my questions on some of the nuclear-related things, and these are things that I have read in the New York Times, which you can get actually earlier in Sioux Falls than you can in New York City, because of time zone changes, a little trivia, and the Minneapolis paper, the various other newspapers, Omaha paper. But it would be safe to say, you would agree, that North Korea would not be in the nuclear business at all if it were not for the Chinese companies supplying them with materials in the past?

Ambassador LORD. I do know that it would be a flat statement; they could have achieved it. But the Chinese may have helped them in the past, and whatever capability North Korea has achieved may have been slower without Chinese help.

Senator PRESSLER. And the same thing would be true of Pakistan, would it not?

Ambassador LORD. Again, I do not think we can say that China is the only reason these two countries have some potential or real nuclear capability.

Senator PRESSLER. But it would have been the Chinese companies.

Ambassador LORD. But clearly in the past, China, either its private companies or its government, has assisted Pakistan. There is no question about it.

Senator PRESSLER. And it has been in the public domain.

Ambassador LORD. Excuse me interrupting, but I do think it is fair to say that China's more recent performance has been better than its more distant performance.

Senator PRESSLER. Yes. And in the last year or two, there has been a shift regarding North Korea. But that has been—that has

occurred in the last year or two, I believe. Would that be safe to say?

Ambassador LORD. I am not precisely sure when any exports might have been stopped if they occurred, but certainly as we have entered into this diplomacy in the last year or so, they have weighed in with Pyongyang for restraint.

Senator PRESSLER. And it has been published in our newspapers, at least, and maybe it is inaccurate—or is it accurate or inaccurate that the M-class missiles that Iran and Libya have have originated in China?

Ambassador LORD. I just do not want to be misleading. I am not being evasive. I was not sure that those countries had M-class missiles.

Senator PRESSLER. Well, they are either in the process of developing them or they have them.

Ambassador LORD. Again, I promise you once again we will give you as full as possible an answer, both in an unclassified way for your use and, if some things are classified, we will brief you on that basis as well, on this whole range of issues.

Senator PRESSLER. Do you believe that Japan is developing and is preparing a nuclear capability in response to China?

Ambassador LORD. No, I do not think they are developing a nuclear capability. They are developing a peaceful nuclear capability, of course, but they are not developing a nuclear bomb capability.

Senator PRESSLER. Now, the problem that I have with—I guess boiling all this down, is that China seems to be the driving force for nuclear weapons in that whole region, one way or another, and there have been some changes here and there. Would that be a fair assumption?

Ambassador LORD. I think they are a factor, but I do not think it is fair to say that they are responsible for all the nuclear ambitions of the region. I am trying to be as detached and as fair, clinical, and restrained as I can on this. I do not think they are the only factor. I think they are a factor, and have been particularly in the past. It is still a concern for the future, obviously.

Senator PRESSLER. Well, the Indians say they are most concerned about the Chinese nuclear weapons. Would you say that is a fair statement from them?

Ambassador LORD. Yes, but I do not think Pakistan is most concerned about Chinese nuclear weapons. I do not think North Korea is necessarily most concerned about Chinese nuclear weapons. I am just saying there are different motives and different causes.

Senator PRESSLER. That is true, but if you take the logical sequence of India building nuclear weapons because of China's having nuclear weapons and Pakistan responding, you go over to North Korea and they have obtained their materials from Chinese companies—at least until a year ago, or maybe a year and a half ago, you would have to say that China has been a driving force in the nuclear arms race.

Ambassador LORD. Certainly one of the driving forces.

Senator PRESSLER. Yes. Now, the U.S. Government does not seem to object to that.

Ambassador LORD. I would not agree with that characterization. We have worked very hard, as I said earlier, on various fronts. We

have pressed them, and they have agreed in principle to a comprehensive test ban treaty, for example. Now, that does not mean that they have stopped all their tests, which we would also like them to do. But we have agreement in principle of a comprehensive test ban on behalf of China.

We have already talked to the Chinese about a subcontinental approach, that is, the India-Pakistan aspect. We have been working closely with the Chinese on the North Korean nuclear question. We have imposed M–11 sanctions on China. I think we have made very clear what our views are with China.

Senator PRESSLER. Now, finally, I have read that China is increasing its strategic weapons, which could reach the United States. That may sound preposterous, but we are always looking down the road 5 or 10 years. Do you believe that is happening?

Ambassador LORD. I think as they develop their program obviously both range and numbers are also increasing, I think in principle that is happening. Again, I want to repeat. I do not believe they have any aggressive intent, but that would be the objective result of their development.

Senator PRESSLER. Well, I hope that when Strobe Talbott and you and others over there develop—I guess you are going to develop—or Strobe mentioned that he was going to try to develop another proposal to repeal the amendment on Pakistan, or a one-time lifting of it. There could be some kind of a cap. But in my judgment it has to include China, and I have talked to him in a very creative way, a very positive way. I would like to be a part of working out such a plan, and I certainly would not object to it up here in Congress.

But I do think we have a very serious problem on the nuclear proliferation side and on the military expansionist side regarding China. There is something going on there that I do not fully understand, because they are doing a lot of things that they do not have to be doing, and I hope we will say that to them.

Ambassador LORD. We will work closely with you, Senator. And I do not want to leave any impression that we are not concerned, as you are, about some of these developments. I have been constantly in a position of conditioning somewhat some of your statements and tough judgment calls. But clearly China is a factor as you look toward the future, as well as looking toward the past, in the calculations of countries like India and Japan and so on.

Clearly they are a part of the equation. I just try to say that they are not the only reason for what is happening out there. But they are a very important factor and we are trying to work cooperatively with them, as well as resorting to sanctions where necessary, in order to make them as constructive a participant as possible.

Senator PRESSLER. By the year 2000, they will have several missiles that will be able to go 7,440 miles with 1 megaton, and the Hiroshima atomic bomb was 20 kilotons. So they will have the capacity to reach the United States very easily with a lot of stuff by the year 2000.

Mr. Chairman, I ask unanimous consent to place this little summary of Chinese ballistic missiles and the time they entered service and the warhead capability into the record, and I ask unanimous consent to ask some additional questions for the record.

Senator ROBB. Without objection, the chart will be included in the record and additional questions for the record may be submitted.

Senator PRESSLER. Mr. Chairman, at some future point, if it is convenient, I would love to participate in a closed hearing, if you feel it appropriate, on the subject of the Chinese military. I know we are short of time around here and so forth, but that is something I would suggest.

Senator ROBB. We will put that on our agenda for some future meeting. Thank you, Senator Pressler.

One final question, Secretary Lord, before we move to our next panel, and this is in part a transition. The concept of a code of conduct like the Sullivan principles has been discussed and will be discussed, I believe, during the net public panel that we are going to hear from. Is this being discussed in the administration either as a voluntary or a mandatory code?

Ambassador LORD. It is being discussed. I am not aware of any official administration position on applying it toward China, but it is something that is under consideration and being discussed.

Senator ROBB. With that, Secretary Lord, I think we have kept you on the hot seat for as long as, in good conscience, we can. It has been the better part of 3 hours at this point, and we do have another public panel that will follow you to provide some additional information.

May I say, as I at least hinted earlier on, that this particular hearing was not a matter of your particular request or choosing, but I appreciate the fact that at a difficult and sensitive time in the negotiation process, that you came and, as you say, trying not to commit news, but at the same time to provide as much useful information as possible. I think that you have acquitted yourself well in that regard, and I personally thank you for coming and appearing before us today, and we will look forward to following up on some of the discussions that were not appropriate for a public discussion today, as we get closer to that date.

And, again, we thank you and we will excuse you at this time.

Ambassador LORD. Thank you, Mr. Chairman. And I think you have been proven correct in trying to have this hearing. Even though it is at a delicate time, it seems to me that a great deal of useful information—I hope not headline information—but useful information has been exchanged. I think it has helped to clarify the record. I have enjoyed it, and I think it has been productive.

Senator ROBB. Those are the kinds of decisions over which neither you nor I have any control, but we will wait and see. In any event, we thank you for your participation.

If the public panel can come forward at this time, we will begin. Let me begin the second and public panel with expression of appreciation to all of you, No. 1 for coming and No. 2 for your patience.

There is never any certainty as to just how long a first panel will take, but because of the sensitivity of the discussions at this point and the interest, it took a little longer than I think we anticipated. I hope that we have not unduly inconvenienced any of you and I, again, appreciate your being with us.

I am going to make a very brief introduction of each one of you, and then I am going to ask you, in the order that I will do it, which

is basically the order that we have on our agenda as listed—unless you have a particular preference for proceeding in a different order, I will ask you to make your statements, and then we will have some questions, if we may.

Appearing first on my list is Dr. Gerrit Gong. He is a former NSC official, runs the CSIS program on Asian on Capitol Hill, currently director for Asian Studies for the Center for Strategic and International Studies. With him is Mr. Mike Jendrzejczyk, who has been with the Human Rights Watch and the Amnesty International Program for some 12 years, I guess.

Mr. JENDRZEJCZYK. I have been with Human Rights Watch since 1990, and prior to that with Amnesty International in New York and London for several years. Thank you.

Senator ROBB. Several years. OK, I am sorry. My notes are somewhat collapsed here on me, and I am not reading as accurately as I should at this late hour of the day.

Mr. JENDRZEJCZYK. You got my name right, Senator. That is even more important.

Senator ROBB. That is right. Well, I must tell you, Mr. Jendrzejczyk, that I worked harder on your name than I did on your vitae. [Laughter.]

Because of the challenge to those of us who do not often deal with that many nonvowels connected one to another.

Currently with Human Rights Watch/Asia here in Washington.

We have Prof. Jeffrey Hopkins, who has over a decade of experience, particularly in Tibet. He comes from a fine little university down in Charlottesville, VA, where I happened to spend all day yesterday with the physics department pursuing some matters that related to technology transfer. But he currently is the director of the Center for South Asia Studies at the University of Virginia in Charlottesville.

And, finally, Mr. Robert Kapp, who is president of the U.S.-China Business Council in Chevy Chase. Fairly recently arrived, as I understand it. He was head of the trade association in Seattle. I do not know how long you have been here, but I understand that your credentials precede you, whatever period of time that might be.

Mr. KAPP. Well, the house is in Chevy Chase and it is without a stick of furniture, but the office is in Washington.

Senator ROBB. In any event, we are very pleased to have you here.

And if we may, we will just begin, Dr. Gong, with you. If you would make your opening statement. And let me say for any of you, if you have statements that you would like to submit for the record that are more comprehensive than the statement you would like to give, we will ensure that your entire statement is included in the record without objection in each case. Dr. Gong.

STATEMENT OF DR. GERRIT W. GONG, DIRECTOR, ASIAN STUDIES PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Dr. GONG. Thank you.

Mr. Chairman, I appreciate the opportunity to come before you and your committee today as the CSIS Asian studies director, even though the views I express will be my own. Let me, for the record,

note that while I was a member of the U.S. State Department for 5 years, I never served on the NSC. I also would commend your having this kind of open exchange. It is an important hallmark of our system and a necessity as we forge a new consensus in U.S.-China policy.

Let me note that as a member of the U.S. Embassy in Beijing at the time of the Tiananmen tragedy in 1989, there are events there that none of us will ever forget. I recall, among many, having my car stopped one day, despite its black diplomatic plates, and feeling a soldier put his hand on the hood. And then in a sound that I always remember, chuk, chuk, a round being chambered in his AK–47.

In subsequent frequent visits to China and to other parts of Asia, however, I have been struck repeatedly that our policy invariably includes three overlapping sets of elements. First, the crossroads China confronts as part of its fourth revolution. Second, the regional context of U.S.-China policy, which we have been hearing a great deal about. And, third, the area that I will focus most on today, except in my written statement which you kindly allowed us to put into the record, the domestic context of U.S.-China policy.

In the interest of time, let me quite brief about the first two. Simply to say that in terms of China's fourth revolution, I believe this is systemic change brought by China's increasing conformity not to the self-proclaimed standards of the middle kingdom, but to the patterns of information flow, political and economic decision-making, resource allocation, and distribution of authority judged necessary to compete in the modern world. This interaction between China and the outside defines its identity in the way in which we interact with it.

Second, regarding the regional context of China policy, I do not need here to repeat the statistics that illustrate the economic dynamism in this region. I will note, if I might, three subpoints. First, besides opportunity, as has been mentioned in this hearing already, significant regional risks are integrally tied to the success or failure of our China policy, notably missile or nuclear proliferation on the subcontinent and in North Korea.

Second, in northeast Asia overall policy direction, whether in Beijing, Tokyo, or Seoul, particularly now given the domestic challenges in each of those capitals, is not always clear. For this reason, where appropriate, strong U.S. leadership is all the more important and all the more difficult.

And third, the topic has been noted in passing. Let me just highlight it. The months ahead may see a watershed in PRC-Taiwan-Hong Kong relations. The likelihood of actuarial-induced leadership change in the PRC increases with each day. Each day also brings closer Hong Kong's July 1, 1997, reversion to PRC sovereignty and a definitive decision on Taiwan Presidential elections, whether direct or indirect. My point: U.S.-China policy must anticipate that it is the interconnections of events and developments in China and East Asia which hold the greatest potential for surprise, positive or otherwise.

Third, let me focus a little more on the domestic context of our China policy. Our approach to China inevitably blends politics, philosophy, and policy. As the nature of even carefully worked out

compromise, the Executive order offered something for everyone, fully satisfied no one, privately relieved many, worried some, and contained within its success the seeds of future challenge.

As we have discussed, I believe we stand on the threshold of new policy. We are in a different world in a different time, and the times and conditions in U.S.-PRC relations have shifted, challenging us to develop a new consensus. I see in that consensus five elements.

First, the new consensus must be politically, philosophically, and legally consistent with the personal commitments and principles of the President and his senior foreign policy advisers. The test of personal philosophical and moral commitment often comes when previously articulated views are not seen as the political or popular course of action. Nevertheless, even policies based on fixed principle can and should evolve as circumstances do.

Second, the new consensus must establish bipartisan support, or reestablish it. During the period, as we know, between full diplomatic relations in 1979 and the Tiananmen tragedy in 1989, U.S.-China policy was essentially bipartisan. The efforts of the Clinton administration to move MFN from the center of our China relations will be accomplished when the full spectrum of concern again results in bipartisan support.

I do not need to rehearse here the feeling on the part of some former Bush administration officials that their efforts to maintain relations after Tiananmen were criticized by some now in the Clinton administration, and that the Clinton administration should not have a free political ride for pursuing essentially the same policy course they earlier criticized. Whatever the relative merits to those criticisms and cross-criticism, my reading of the current mood is the core concerns for economic growth and human rights, combined with wider bilateral and regional interests, should now supersede the natural but less productive proclivity to have China as a partisan issue. Not easy. It is something we are challenged to do post-June 3.

Third, a new consensus should condition Chinese behavior more than it constricts or constrains U.S. abilities to pursue our own interests. We have some interesting cases where legally required U.S. sanctions for Chinese violations result in loss of U.S. export, including high technology.

If the U.S. policy objective is to condition Chinese behavior, then there must be both bark and bite, and those for whom the conditions are intended should feel both more than U.S. companies.

Fourth, the new consensus should be built on the recognition that the United States stands firm for its ideals, as given practical institutional life in our constitutional system. We do not seek to impose these values or institutions on other governments or people, but we recognize no limitation of culture or political orthodoxy to the right of individuals everywhere to determine their economic and political destiny.

The transformation, as Ambassador Lord noted, of Chinese society, should not be a U.S. policy objective, nor should the structure of Chinese approach to human rights except as consistent with the protection of foreign nationals abroad, obviously including our own, and the solemn commitments China has made itself internation-

ally, including as a member of the U.N., but we should vigorously pursue specific individual cases and regional cases such as Tibet where gross violations of universally understood human rights violations occur. We should do so by whatever combination of private or public means is most productive.

Fifth, the new consensus must enhance long-term U.S. credibility on both the personal and national levels, as well as the U.S. ability to pursue the full range of our interests. The new consensus should focus on the larger picture of how we deal with a China that may increase in economic as well as political and security influence. It should include specific decisions regarding this year's MFN decision without losing sight of the larger structural issues of overall U.S.-PRC relations.

We have, and my longer testimony notes, the minipolicy options that might go toward fulfilling these requirements. Let me simply note that in my opinion the new consensus should deal with human rights concerns as we have dealt with trade and proliferation, as integral parts of a comprehensive approach with specific targeted incentives and disincentives build into the daily way business is conducted.

New consensus on U.S.-China policy will not condition MFN. It will take a—it will take a more comprehensive approach to condition U.S. incentives and disincentives with China, as with all countries, on Beijing's performance toward full, responsible, constructive membership in international society.

A larger fundamental issue is how to organize the international and bilateral rules regarding trade, security, proliferation, cultural exchange, and the normal give-and-take of international politics that will make China and the United States part of the same practical international system.

Finally, the new consensus will contain specific measures to ensure human rights progress as noted in the concerns of the Executive order, but it will go beyond. It will prohibit Chinese goods, crayons, or otherwise, which do not conform to U.S. public health standards, it will guarantee that weapons or other Chinese manufactures, assault or otherwise, are prohibited.

The success of the long-term U.S.-PRC relations does not rest solely on our eloquence, our passion, or our intelligence. It must also be informed by the substance of actual events, and consistently defined in articulated U.S. policy.

Thank you.

[The prepared statement of Dr. Gong follows:]

PREPARED STATEMENT OF DR. GONG *

Mr. Chairman: the open exchange of the kind we are involved in here today is an indispensable part of the consultative way decisions are made in America. It is a hallmark of our system, and a necessity as we forge a new consensus in U.S. China policy.

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*A Rhodes Scholar with Masters and Ph.D. degrees in International Relations from Oxford University, Dr. Gerrit Gong has lectured and researched on the faculties of Oxford, Georgetown, and Johns Hopkins (SAIS) universities. His State Department assignments included serving in the office of the Undersecretary for Political Affairs in Washington, D.C., at the American Institute in Taiwan (AIT), and as Special Assistant to two U.S. Ambassadors at the American Embassy in Beijing. Because, as an independent research institution, CSIS does not take specific public policy positions, the views expressed herein are those of the speaker only.

In Beijing last month, a senior CSIS delegation posed the question this way: in the twentieth century, the international system's challenge was to integrate Germany and the Soviet Union; in the twenty-first century, the international society's challenge is to incorporate China and Japan as full, responsible, and constructive members.

The Clinton Administration's "comprehensive engagement" with the PRC has restored high-level meetings and exchange, at the Presidential, cabinet, senior official and working-levels, in the economic, political, cultural, and military-to-military areas. Satellites and supercomputers, as well as commercial aircraft and wheat, are being sold to China. Now the issues are whether and how to adjust the remaining policy conditions the United States imposed after the Tiananmen tragedy to reflect current conditions. Though our debate frequently deals with only one dimension at a time, U.S. China policy invariably includes three overlapping sets of issues:

I. the crossroads China confronts as part of its fourth revolution;
II. the regional context of U.S. China policy; and,
III. the domestic context of U.S China policy.

Let me briefly reiterate some key issues in these three areas.

I. CHINA'S FOURTH REVOLUTION AND THE CROSSROADS BEIJING FACES

As a member of the U.S. Embassy in Beijing at the time of the Tiananmen tragedy in June 1989, I will never forget watching ordinary citizens armed only with brooms and rakes chase APCs (armored personnel carriers); the lights in the apartments coming on to shouts of "citizens of Beijing, awake, the army has opened fire!"; the special Chinese central television documentary on minority people's funeral customs, full of sad dirges and rites for the dead (an indirect funeral for those killed), before martial law television took over.

Yet, in my subsequent visits to China and East Asia, I am repeatedly struck that the Tiananmen tragedy may have hastened the fundamental shifts I describe as China's fourth revolution.

This is systemic change brought by China's increasing conformity, not to the self-proclaimed standards of the Middle Kingdom, but to the patterns of information flow, political and economic decision making, resource allocation, and distribution of authority judged necessary to compete in the modern world. It is characterized by:

- the increasing market orientation of China's economy;
- the decentralization of decision-making structures and processes;
- a shift of legitimacy from ideology to rising standards of living and nationalism;
- the reorientation of deep-rooted Chinese perceptions and patterns of social organization; and,
- most fundamentally, the unprecedented opening of the world and China to each other.

Both from the inside out and the outside in, China's fourth revolution requires the PRC to negotiate five crossroads:

- promote a "socialist market economy" as a means of seeking stable and balanced economic growth;
- deal with Hong Kong, Taiwan, and the overseas Chinese communities;
- manage the post-Deng Xiaoping, watershed generational leadership succession;
- maintain legitimacy and governability in a volatile political system;
- define an appropriate post-Persian Gulf War, post-cold war international role and identity.

Analytically and practically, U.S. China policy cannot and must not be formulated separately from a realistic assessment of current trends and future possible developments on the ground in China. Increasingly, U.S. China policy must be discussed in terms of differential impact on different provinces, different generations, different interest groups, over a span of varying times and conditions. Nevertheless, these evolving factors argue the need and benefit of comprehensive U.S. involvement with China, based on, and pursued in terms of, U.S. interests, which (happily) in most cases do not diverge from those of the PRC itself.

II. THE REGIONAL CONTEXT OF U.S. CHINA POLICY

Given China's East Asian geographical location, U.S. China policy must be pursued in regional context. Yet, the political and bureaucratic reality is that the daily details of Japan and China policy tend to be managed separately, the rich agenda raised by each providing a bilateral inertia only partially overcome at high-level multilateral gatherings such as G–7 meetings. Although Beijing-Tokyo-Washington relations strongly influence the economic, political, and security contours of East Asia, so far as I am aware, the United States has no real mechanism for concurrently dealing with Beijing and Tokyo on matters of mutual concern.

We are increasingly familiar with both the dynamism and potential of East Asia. Regarding dynamism, according to 1993 IMF statistics, the European Union economies contracted by 0.3%; the U.S. economy grew at 3.0%, and Asia (not including Japan) grew at 8.4%. Regarding potential, it is said that in 1960, the Asian economies accounted for 4% of world GNP; that they now account for roughly 25%; and that by the turn of the century they will account for a third of total world GNP.

As each East Asian country reminds us, long-term regional stability and prosperity require the same in China. Similarly, China's long-term stability and prosperity will draw on East Asia's. The United States has been, and should be, vitally involved in both.

Three additional points.

First, besides opportunities, significant regional risks are also integrally tied to the success or failure of U.S. China policy, including missile and/or nuclear proliferation on the Subcontinent and in North Korea.

Second, in Northeast Asia, overall policy direction, whether in Beijing, Tokyo, or Seoul, is currently not always certain. This makes strong (where appropriate) U.S. leadership all the more important—and all the more difficult.

Third, the months ahead may see a watershed in PRC-Taiwan-Hong Kong relations. The likelihood of actuarially-induced leadership change in the PRC increases with each passing day; each day also brings closer Hong Kong's July 1, 1997 reversion of sovereignty and a definitive decision on Taiwan presidential elections, whether direct or indirect. My point: U.S. China policy must anticipate that it is the interconnections of events and developments in China and East Asia which hold the greatest potential for surprise, positive and otherwise.

III. THE DOMESTIC CONTEXT OF U.S. CHINA POLICY

The U.S. approach to China invariably blends politics, philosophy, and policy.

In the aftermath of Tiananmen, the Executive sought to maintain relations with the PRC in the face of public outrage across the land that cried out for official articulation. Following the January 20, 1993 inauguration of a Democratic Congress and a Democratic White House, the May 28, 1993 Executive Order did three things: 1) it shifted the initiative of decision from the Congress to the Executive; 2) it conditioned China's MFN status on "overall, significant progress" on human rights within two required and five related categories, through what were assumed at the time to be modest and attainable actions on China's part; and 3) it sought to deal with proliferation and trade issues through non-MFN channels.

As is the nature of even carefully worked out compromise, the 1993 Executive Order offered something for everyone, fully satisfied no one, privately relieved many, worried some, and contained within its success the seeds of future challenge.

Times and conditions have again shifted, and a new consensus on U.S. China policy is now being defined.

The new consensus will include the following five **elements:**

1. The new consensus will be politically, philosophically, and legally consistent with the personal commitments and principles of the President and his senior policy advisers.

These commitments include campaign statements, enunciations of Clinton Administration principle, and the requirements of the Executive Order. There will not be, nor should there be, candy-coated declarations of China's human rights situation. The test of personal, philosophical, and moral commitment often comes when previously articulated views are not seen as the political or popular course of action. Yet, even policies based on fixed principle can evolve as circumstances do.

It is no secret that different parts of the Clinton Administration have strong, differing views on how to determine and pursue a variety of policy values and objectives that no longer fall into easy categories in the post-cold war period. The policy approach the President and his advisers articulate will provide the United States opportunity for full engagement in East Asia, including China, without compromising principle. In uniting the Administration, this articulation of a new consensus will diminish miscalculation on the part of overseas observers that MFN extension is automatic, or that different parts of the Administration—or different parts of the U.S. Congress, business leadership, policy community, or general public opinion—can be played against each other.

2. The new consensus will re-establish bipartisan support.

During the decade following the establishment of full diplomatic relations in 1979 and preceding the Tiananmen tragedy in 1989, U.S. China policy was essentially bipartisan. The efforts of the Clinton Administration to move MFN from the center of our China relations will be accomplished when the full spec-

trum of concerns, including but transcending those articulated in the Mitchell-Pelosi legislation, are fully addressed.

Some former Bush Administration officials feel their efforts to maintain relations after Tiananmen were criticized by some now in the Clinton Administration, and that Clinton Administration officials should not have a free political ride for pursuing essentially the same policy course they earlier criticized.

Core concerns for economic growth and human rights, combined with wider bilateral and regional interests, should now supersede the natural but less productive proclivity to maintain China as a partisan issue. Of course, politics will always be part of policy, but a bipartisan China policy is required to elicit full Congressional support and to reflect a majority sentiment of general popular opinion.

3. The new consensus will condition Chinese behavior more than it restricts or constrains U.S. ability to pursue our interests.

We have interesting cases where legally-required U.S. sanctions for Chinese violations result in loss of U.S. exports, including high technology. If the U.S. policy objective is to condition Chinese behavior, then there must be both bark and bite, and those for whom the conditions are intended should feel both more than U.S. companies.

4. The new consensus will be built on the recognition that the United States stands firm for its ideals as given practical institutional life in our Constitutional system.

We do not seek to impose these values or institutions on other people or governmental systems. But we recognize no limitation of culture or political orthodoxy to the right of individuals everywhere to determine their economic and political destinies.

The transformation of Chinese society should not be a U.S. policy objective; nor should the structure of China's approach to human rights, except as consistent with the protection of foreign nationals abroad (obviously including our own), and the solemn commitments China has made itself internationally, including as a member of the U.N. We should vigorously pursue specific, individual cases and regional cases (such as Tibet) where gross violations of universally understood human rights occur; we should do so by whatever combination of private or public means is most productive.

5. The new consensus will enhance long-term U.S. credibility, on both the personal and national levels, as well as the U.S. ability to pursue the full range of our interests.

The new consensus will focus on the larger picture of how we deal with a China that may increase in economic, as well as political and security, influence. It will include specific decisions regarding this year's MFN decision without losing sight of the larger structural issues of overall U.S.-PRC relations.

Given the five elements of the new consensus, specific policy options frequently discussed include:

MFN-based approaches:

- partial renewal: targeting state-owned enterprises, specific sectors, or specific goods;
- conditional renewal: by Executive Order, explicit (as in 1993) or implicit; or by legislation;
- extension of MFN for a short period of time to give China further opportunity to make human rights progress;
- multi-year extension of conditioned MFN;
- permanent, unconditioned MFN.

Non-MFN approaches:

- target Section 301 cases to address bilateral trade disputes;
- impose sanctions under special 301 to address IPR;
- impose sanctions on high-tech exports for MTCR violations;
- condition multilateral loans in which the United States has substantial share consistent with Tokyo's conditioned approach to bilateral ODA;
- increase prominence to human rights concerns in the U.N. and other international fora (e.g., U.N. Human Rights Commission).

THE NEW CONSENSUS

Consistent with the five elements laid out above, my recommendation for MFN this year and beyond is this:

China-specific and regional U.S. priorities make clear that an extension of MFN status, with no more conditions than are required under Jackson-Vanik and current bilateral or multilateral agreements, is in the U.S. interest. Even with the horrors

of Tiananmen fresh in mind, I am on record since 1989 as saying that MFN is too blunt an instrument for regulating the diversity and complexity of U.S.-PRC relations. This is not only a matter of principle, but also a matter of policy practicality.

Human rights commitments are, and should continue to be, an important pillar of U.S. foreign policy. But **economic concerns** (the standards Beijing must meet to enter the GATT and WTO; the ongoing need to deal with market access, IPR, sector-specific negotiations such as textiles, services, etc. on a comprehensive, strategic basis) are equally if not more pressing and significant. So are **security concerns** (proliferation of technologies and weapons of mass destruction, advanced conventional weapons purchases and sales, fissionable materials regulations, nuclear tests, etc.). The new consensus will deal with human rights concerns as we do with trade and proliferation—as integral parts of a comprehensive approach with specific, targeted incentives and disincentives built into the way daily business is conducted.

The new consensus on U.S. China policy will not condition MFN; it will take a more comprehensive approach to condition U.S. incentives and disincentives with China (as with all countries) on Beijing's performance as a full, responsible, and constructive member of international society. This will include the full range of U.S. and international human rights concerns, pursued through all available channels.

Linkage remains: it is a fact of life in complex, comprehensive relations. But, the legal separation of MFN conditions and the formal advocacy of U.S. human rights priorities may in fact make each less hostage to the other, thereby allowing the freer, more vigorous pursuit of both.

In our internal debate regarding how to reflect firm U.S. commitments to human rights, we must not miss the fundamental issue: how to organize the international and bilateral rules regarding trade, security, cultural exchange, and the normal give-and-take of international politics that will make China and the United States part of the same practical, international system.

The success of longer-term U.S.-PRC relations does not rely solely on our eloquence, our passion, or our intelligence; it must also be informed by the substance of actual events and consistently defined and articulated policy.

Thank you very much.

Senator ROBB. Thank you very much, Dr. Gong. Mr. Jendrzejczyk.

STATEMENT OF MIKE JENDRZEJCZYK, WASHINGTON DIRECTOR, HUMAN RIGHTS WATCH/ASIA, WASHINGTON, DC

Mr. JENDRZEJCZYK. Thank you. First of all, I want to thank you, Senator, for hosting this hearing and inviting us to appear.

I think my role here is to burst the bubble of optimism that Assistant Secretary Lord created, though I want to emphasize my intent is not to spoil his wedding anniversary celebration.

At this stage, the Chinese Government seems convinced that President Clinton will ultimately settle for minimal and superficial human rights concessions in exchange for MFN this year. We believe that the crackdown on dissidents is being extended and intensified in part because Beijing feels it has nothing to lose.

Secretary of State Christopher stated at the conclusion of his disastrous trip to Beijing in March that there had been "a narrowing of differences." President Clinton himself said last night that there had been "overall significant progress in some areas," a conclusion that Ambassador Lord echoed earlier today.

These upbeat assessments we believe are based on the most token gestures and promises offered by the Chinese Government, and create the impression that the administration's definition of overall significant progress on human rights is so elastic that it is virtually meaningless. At this stage, we cannot imagine how Secretary Christopher could make a credible report to the President that China has met the conditions of the Executive order.

In February of this year, we issued this report documenting more than 250 arrests and trials in 1993, making it the worst year for

political repression in China since the immediate aftermath of the 1989 massacre.

In the weeks since this report has been issued, the human rights situation in China has deteriorated even further. Religious believers have been rounded up and sent to prison, peaceful advocates of independence for Tibet have been imprisoned or their sentences increased, publishers and journalists have been harassed, banned, or thrown in prison.

Most troubling has been the frontal assault launched against a renewed dissident movement in Beijing, Shanghai, and other cities, with dozens of activists being briefly detained and arrested and now awaiting prosecution. In fact, the economic reform program has become the pretext for increased repression.

We welcomed the President's Executive order last May conditioning MFN—most-favored-nation trading status—on human rights improvements, but expressed concern that the wording of the conditions was very loose and vague, allowing too much wiggle room for both governments.

In recent months, we have been dismayed by the conflicting signals given by members of the administration, which we realize is under enormous pressure to step back from the linkage between human rights and trade.

We are concerned, however, that as the MFN deadline approaches, any perception of weakening on the part of the President of his commitment to condition MFN on human rights would undermine U.S. credibility in Beijing with the American people, who according to all polls strongly favor restricting or conditioning trade with China on human rights grounds, and very importantly I think would damage our credibility with other foreign governments, especially damage our influence on human rights with other governments.

Second, any weakening of this linkage would send a devastating message to China's emerging prodemocracy movement. The government's economic reforms have sparked a wide range of social and economic dislocations, a potentially explosive mix, as Ambassador Lord alluded to.

Prodemocracy activists are calling for greater protection not only of human rights but of worker rights. In the past few days, security has been tightened in Beijing and elsewhere in a run up to the anniversary of June 4. We believe it is in the long-term interest of stability and peaceful change in China that Chinese citizens now be allowed to freely express their internationally recognized rights of free expression and free association.

The alternative, I am afraid, is to wait for these tensions to continue to build and risk the possibility of another Tiananmen-type massacre in response to a resurgent prodemocracy movement.

I would like to just briefly comment on what we see as the policy options now facing the administration, and also comment briefly on compliance or lack of compliance with the Executive order.

We believe the administration's conflicting signals on MFN have effectively undercut any credible threat that it will be revoked, and I think the tone of the President's comments last night were another example of that.

This has only increased Beijing's confidence that it will receive MFN regardless of whether there have been significant improvements in human rights, that if they take sufficient cosmetic steps to help President Clinton save face, they can obtain a commitment to effectively delink MFN from human rights after this year, reverting to the pro forma Jackson-Vanik renewal that was in place between 1980 and 1989.

This would be a huge mistake. We believe that to restore the President's credibility, he should immediately appoint a high level interagency committee to prepare a range of targeted sanctions that could be utilized if China falls short of meeting the terms of the Executive order.

These targeted sanctions should be examined and made public now, not to undermine the MFN threat, but to give it teeth, to show that if there is only partial or slight progress in meeting the terms of the Executive order, there will be partial sanctions.

The option we favor most, because we believe it is the easiest to administer and to implement, is an across-the-board increase of 10 percent on tariff rates for all products exported by China, though we understand that other options are also under consideration by the administration.

Second, whatever the President decides, we think it is crucial that the administration develop a long-term multilateral policy on China and human rights to complement bilateral actions by the United States. This would enhance the effectiveness of our actions, and to respond to a comment made by Senator Kerry, the European Parliament has recently adopted a resolution urging the European Commission to also link trade in human rights when it comes to China.

I think the President should go to the G–7 summit meeting in Naples this July with a proposal for creatively using carrots and sticks over the long-term. A consensus for dealing with China has not existed among the G–7 countries since July 1990. Now, before the post-Deng Xiaopeng era arrives, is the time to develop such a strategy and to get support for it among our allies.

At this stage, I would like to offer just a few specific comments on China's compliance with a few key provisions in the Executive order. Contrary to statements by the administration, we do not see significant progress on human rights on any of the seven conditions in the Executive order. We agree with Ambassador Lord that the most important concession made this far was the release of one person, Wang Jungtao, who is now here in the United States seeking medical treatment.

I would say that the total number of political and religious dissidents released since the Executive order was issued last May, that we know of, comes to about 25, and many of those were released only because their term had expired. Meanwhile, the number of new arrests of peaceful political and religious activists since last May numbers well over 100, and my written testimony gives examples.

Second, on the question of an accounting, Assistant Secretary Shattuck when he went to Beijing last October, handed over a list of some 341 prisoners on which the United States sought an accounting. We have just finished analyzing the information that was

given to Mr. Shattuck on his most recent visit, and unfortunately the Chinese Government's response is so thin on detail and so inaccurate it is virtually useless. It provides new information previously unavailable on literally 5 people out of over 300.

We think the administration should refuse to accept this faulty accounting. It is not an acceptable accounting as called for by the Executive order, and we would repeat our earlier recommendation to the State Department that they seek an accounting for all 3,300 or more so-called counterrevolutionaries that the Chinese Government admits that it is holding, and this again is only a small fraction of the total number of thousands of prisoners.

Finally, I would comment briefly on the prison labor agreement. My organization, since April 1991, has been publishing confidential Chinese Government documents and other information documenting the use of prison labor in China for exported products to the United States and other markets.

As Ambassador Lord mentioned, during Secretary Christopher's trip, a new agreement on prison labor was signed. The fact that we needed such an agreement was an implicit recognition that the early agreement reached in August 1992 was simply not working—the Chinese were stone-walling—and I think it would be a mistake to accept at face value any new agreement until we have demonstrable progress and cooperation from the Chinese on all of the outstanding requests for inspections and information.

We believe, in fact, that as with the textile agreement reached this past January, nothing short of frequent unannounced surprise visits will ensure that prison labor products do not continue to come to the United States.

I would finally add that in the coming weeks we will be releasing a new report documenting the latest information we have obtained, including firsthand accounts from former political prisoners, that in fact this practice is still going on. The Chinese are just a little more clever in covering it up. We do not think we should be complicit in that deception simply so we can say the terms of the Executive order had been met if they truly had not been met.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Jendrzejczyk follows:]

PREPARED STATEMENT OF MR. JENDRZEJCZYK

My name is Mike Jendrzejczyk. I am the Washington Director of Human Rights Watch/Asia (formerly Asia Watch), an independent, international human rights monitoring organization.

We are honored to appear today to address the topic of human rights in China at this critical time, just weeks before the deadline for the President's decision on renewing China's MFN (Most Favored Nation) trading status.

The Chinese government seems convinced that President Clinton will ultimately settle for minimal, superficial human rights concessions in exchange for MFN this year. The crackdown on dissidents is being extended and intensified in part, we believe, because Beijing feels it has nothing to lose. The largest trade delegation to ever visit the U.S. arrived here last month, buying millions of dollars worth of products and offering hundreds of investment projects, determined to "fight trade with trade." Secretary of State Warren Christopher stated, at the conclusion of his disastrous trip to Beijing in March, that there had been a "narrowing of differences." This upbeat assessment was based on the most token gestures and promises offered by the Chinese government—as I will discuss later. Statements such as this create the impression that the Administration's definition of "overall significant progress" on human rights is so elastic as to be virtually meaningless.

A second example of conflicting signals given by the Administration: the initial U.S. reaction to the re-arrest on April 5 of Wei Jingsheng—China's most prominent dissident—was to express "concern" and "regret." As the roundup of dissidents continued, and Xu Wenli was also re-detained on April 8, the White House issued a stronger statement on the following day.[1] But when asked the crucial question of whether MFN could be renewed if Wei Jingsheng remains in detention, the State Department refused to answer.[2] This kind of waffling only strengthens the hand of China's hard-liners, and reduces the threat of MFN withdrawal to a hollow gesture.

At this stage, we cannot imagine how the Secretary of State could make a credible report to the President saying that China had fully met the conditions in the Executive Order.

In fact, in the weeks since the release of our February, 1994 report entitled *Detained in China and Tibet: A Directory of Political and Religious Prisoners,* the human rights situation in China has deteriorated further. Religious believers have been rounded up and sent to prison, and peaceful advocates of independence for Tibet have been imprisoned or have had their sentences increased. Poets, film directors, and publishers have been harassed or banned from working. Most troubling has been the frontal assault launched against the renewed dissident movement in Beijing, Shanghai, and other cities. Dozens of activists have been either briefly detained or arrested and are now awaiting prosecution for "ideological crimes."[3]

The expanded crackdown on political and religious dissidents is documented in a new report we are issuing today, *China: No Progress on Human Rights,* which updates our February survey. Our testimony is based, in part, on this new report.

U.S. POLICY: MAINTAIN THE MFN LEVERAGE

Human Rights Watch/Asia welcomed the President's Executive Order when it was issued last May, but expressed concern about the vague and loose wording of the human rights conditions contained in the Order. In recent months, we have been dismayed by the conflicting signals given by members of the Administration, which remains divided over China policy, and is being heavily lobbied to step back from its commitment to link trade and human rights in China.

We are concerned, as the MFN deadline approaches, about any perception of a weakening of the President's commitment to condition MFN on human rights improvements. This would seriously undermine U.S. credibility in Beijing—with the American people, who strongly favor conditioning or restricting trade on human rights grounds,[4] and with other foreign governments. U.S. influence on human rights worldwide would be seriously damaged.

Secondly, any weakening of the MFN/human rights linkage would send a devastating message to China's struggling pro-democracy movement. The re-emerging movement has been forming small, informal networks around the country, and is trying to sink roots into the community, calling not only for increased democracy and human rights, but also articulating the pressing concerns of the general public. As the government's economic reforms continue to spark a wide range of severe social and economic dislocations, and the problem of official corruption escalates, pro-democracy activists are calling for increased protection of worker rights and for effective legal remedies against predatory officials. Clearly, political dissent can no longer be dismissed as simply the isolated or marginal concern of a dissatisfied elite.

It is in the interest of stability and peaceful change in China that Chinese citizens now be allowed to exercise their internationally recognized rights of free expression and free association, rather than wait for tensions to build, and risk the possibility of another Tiananmen Square-type massacre in response to a resurgent pro-democracy movement.

Thirdly, it would be dangerous and naive to base U.S. policy on the assumption that economic reform in China will inevitably lead to political change, including an enhanced respect for human rights. China's leaders seem to be doing everything in their power to prevent economic liberalization from leading to political reform. But at the same time, they urgently need MFN and the trade and investment relationship with the U.S. in order to carry out their aggressive economic reform program.

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[1] Dee Dee Myers said the Administration was "deeply troubled" by the crackdown and urged the Chinese government "to release immediately (those persons) detained or imprisoned for the peaceful expression of their views." (Reuter)

[2] See Mike McCurry, State Department regular briefing, April 7, 1994. Q. "Could the Clinton Administration renew MFN with him (Wei) in detention?" A. "I don't want to address that question * * *."

[3] See, for example, "China: New Arrests Linked to Worker Rights," Asia Watch, Vol. 6 No. 2, March 11, 1994.

[4] A Wall Street Journal poll cited a majority of 65% and Potomac Associates, by 60%.

That is precisely why the MFN leverage is so important. We have monitored human rights conditions in Guangdong, Shanghai, and other areas most heavily affected by foreign investment and economic reforms.[5] We have detected no greater respect for civil, political or religious freedoms in these areas than in any other parts of China.

Over the long-term, economic development may help stimulate demands for political reform, but how the government responds to these demands will be conditioned, in part, on how foreign opinion reacts. Given the Communist Party's determination to maintain its rule, and the uncertainties of the post-Deng Xiaoping era, there is no guarantee that trade in itself will automatically improve human rights. Thus, continued international pressure is vital.

MFN is a blunt tool, but as of yet no one has come up with a viable alternative for effectively pressing the Chinese government to improve its human rights record.[6] We are prepared to look at alternatives to MFN, but *only* alternatives that will continue to exert real pressure on Beijing. To de-link MFN and human rights before that alternative is found is to throw away the most powerful lever we now have for change.

POLICY OPTIONS AND ALTERNATIVES

The Administration's conflicting signals on MFN have undercut any credible threat of revocation should China not fully meet the conditions in the President's Executive Order. This has only increased Beijing's confidence that it will receive MFN regardless of whether it takes actions to improve human rights. Further, China's leaders have been led to believe that by helping the President "save face" by making some token, superficial human rights reforms, they can obtain a commitment from the Administration to effectively de-link MFN from human rights after this year (reverting back to a pre-1989, *pro-forma* annual renewal process as required by Jackson-Vanik.)

To restore his credibility, the President should immediately appoint a high-level interagency committee to prepare a range of targeted sanctions that could be utilized if China's compliance with the terms of the Executive Order falls short. These options should be examined and made public now—not to undermine the MFN threat, but to give it teeth by showing the President's determination to impose partial sanctions if China makes only partial progress in improving human rights. Secretary Christopher will then feel free to make an honest assessment of progress, leaving it up to the President to decide among a range of policy options that are already in place and fully explained to the Chinese, the Congress, and the American people. We understand that the Administration is, in fact, privately exploring such options.

We are also concerned that any partial sanctions imposed be significant and more than a token wrist-slapping. To be effective, any such sanctions must be designed to send a clear, unambiguous message to Beijing that it will pay a real economic price for continued human rights violations.

We proposed, in an op-ed article published in the *New York Times,* an across-the-board tariff hike of 10 percent, with further increases possible if China keeps dragging its feet on human rights.[7] The loss of normal trade treatment need not lead to prohibitively high rates (of 30 or 60 percent or higher) that would radically curtail trade. By setting less than a punitive rate, the Administration could ensure that Beijing would feel the pinch, but trade would continue. Transparency and predictability would be relatively easy to maintain. The implementation and monitoring of such a partial sanction would not entail some of the administrative, legal, or technical difficulties posed by some other options. From our point of view, this is definitely the preferred approach.

Other partial sanctions the Administration should consider, all of which have some inherent benefits and drawbacks:

- Raising tariffs on some or all goods produced, manufactured, or exported by state-run enterprises, while maintaining nondiscriminatory treatment on prod-

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[5] See "Detained in China and Tibet" for examples. Shanghai has been the scene of particularly harsh repression recently.

[6] For example, some have proposed a bilateral commission on human rights, as a forum to discuss human rights cases and to press for general improvement in human rights in China. We do not believe such a commission could serve any useful purpose, except as a public relations exercise that could be used to deflect public criticism. A bilateral commission would simply interpose another layer between the two governments, already engaging in a direct, bilateral human rights dialogue, and would provide the Chinese government with further opportunities for stonewalling and bureaucratic inertia.

[7] "Squeeze China—By Degrees," by Holly Burkhalter, *New York Times,* March 29, 1994.

ucts from "nonstate-owned organizations."[8] This was the approach taken in the Mitchell-Pelosi legislation enacted by both houses of Congress last year, but vetoed by then-President Bush;

- Using the worker rights provision, adopted in 1988, of Section 301 of the Trade Act of 1974, to selectively raise tariffs on certain goods, commodities, or categories of goods, and link this decision to both the lack of progress on meeting the terms of the Executive Order and the flagrant denial of internationally-recognized worker rights in China, especially in light of the recent crackdown on independent labor activists.[9]

Whatever the President decides between now and June 3rd, we urge the Administration to develop a multilateral policy towards China to augment U.S. bilateral actions on human rights. This would both enhance the effectiveness of U.S. actions, and counter the argument from the Administration's critics that the U.S. is unfairly shouldering the burden of pressing Beijing to uphold international human rights standards. A long-term policy for dealing with China on human rights during the post-Deng transition is urgently required.

Leading up to the meeting of the G–7 industrial leaders meeting this July in Naples, the Administration should develop a proposal for creatively using carrots and sticks to press for human rights improvements. Several European governments—most recently Sweden, plus Australia—have sent human rights delegations to China. These ad hoc initiatives could be strengthened, for example, if the G–7 countries were to collectively urge China to invite the U.N. Working Group on Arbitrary Detentions to undertake investigations and make recommendations, then maintain pressure for their implementation.

THE EXECUTIVE ORDER: NO SIGNIFICANT PROGRESS

Contrary to recent Administration statements, virtually no significant progress has been made thus far on the seven items in the Executive Order.

On the question of access to Chinese prisons by international humanitarian and human rights organizations, there are ongoing negotiations between the Chinese government and the International Committee of the Red Cross (ICRC), and this is encouraging. However, the ICRC's negotiators left Beijing after the last round of talks in April without an agreement. According to news reports, the ICRC was pressing for access to all detainees, while the Chinese authorities insisted that the discussions focus only on those prisoners convicted of a crime, thus excluding the thousands sentenced administratively, or those detained and held for months or years without trial. Further talks are scheduled for later this month.

RELEASES

The most important concession thus far was the release on April 23 of the leading dissident, Wang Juntao, to travel abroad "on bail for medical treatment."[10] The total number of known releases of political or religious prisoners, including Wang Juntao, comes to twenty-five since the Executive Order was issued. Of these, several were freed simply because they had served their full terms. Others, like Wei Jingsheng, have been re-arrested.

Meanwhile, the number of new arrests of peaceful political or religious activists since the Executive Order was issued is well over one hundred.

These include:

- A number of activists detained between January and April 1994 for circulating appeals calling for the right to strike and the legalization of independent workers' and peasants labor unions;
- On April 12, yet another senior dissident intellectual, Xiao Biguang, age 32, a professor of Chinese literature at Beijing University and a leading figure in the

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[8] According to the World Bank, exports of nonstate sector enterprises, including urban and rural collectives, private enterprises, individual businesses and foreign-invested firms, plus township and village enterprises, accounted for a minimum of 40 percent of China's total exports or 50 percent of its manufacturing exports in 1992, with the bulk of nonstate enterprise exports coming from the coastal provinces. *China: Foreign Trade Reform*, pgs. 14–15, The World Bank, April 1, 1994.

[9] The 1988 amendment includes in the definition of "unreasonable" trade practices any policies or acts which constitute a persistent pattern of conduct that "denies workers the right of association * * * the right to organize and bargain collectively (and) permits any form of forced or compulsory labor * * *." (Section 1301, (d)(3)(B)

[10] Human Rights Watch/Asia warmly welcomed this long-overdue humanitarian step, but we are concerned that the 13-year prison term Wang received in 1991 has not been lifted. Thus he could be reimprisoned any time should be return to China and be deemed to have committed "further offenses."

underground Protestant church, was seized by six security officers after his home was searched and books and manuscripts were confiscated. He has not been informed of the reasons for his arrest, nor has his family been allowed to see him. The detention order merely said he had been involved in "illegal activities." Because he was closely associated with labor activist Yuan Hongbing, his arrest may be linked to the crackdown on people involved in the circulation of petitions on labor rights;

- Li Guiren, a fifty-year-old editor and publisher who was released nearly a year ago on medical parole, was re-arrested on February 16, 1994, despite his extremely serious cardiac problems;
- Tibetan monks and nuns were arrested in connection with two demonstrations in Lhasa on March 21 and on March 27; several arrested earlier had their sentences extended by as much as eight or nine years;
- Father Wei Jingyi, a priest released from prison in 1993, was again picked up on January 20, 1994 in Xushui County, Hebei Province;
- Zhou Guoqiang, was "detained for investigation" by security officials on March 3, due to his activities "organizing illegal gatherings in October 1993." (This refers to his role in drafting a "Peace Charter" calling for democratic reforms that was made public at the time of President Clinton's meeting with Chinese President Jiang Zemin in Seattle last November.)

Trials of dissidents are also continuing. Secret trials in February or March resulted in draconian sentences given to a reporter for a Hong Kong newspaper, Xi Yang, sentenced to 12 years in prison; and a clerk at the People's Bank, Tian Ye, sentenced to 15 years in prison. Both were accused of spying and stealing state financial secrets. The verdict in Xi's case sparked demonstrations in Hong Kong and official protests by the Hong Kong Journalists' Association.

On April 20 in Beijing, another journalist went on trial: Gao Yu, who had been arrested last October one day before she planned to come to the U.S. to begin a fellowship at the Columbia University School of Journalism. She was charged with "providing information to organizations outside the border," and was allegedly charged with obtaining a copy of a top-secret speech by Jiang Zemin. (Her case was on the list presented to the Chinese government by Assistant Secretary of State for Human Rights John Shattuck in October 1993; the Chinese response, in the information given to Mr. Shattuck in February 1994 as part of the so-called "accounting," was merely to place her name in a category of persons "not convicted of a crime.")

Most of the political prisoners with serious medical problems on the list of about 20 such cases presented by Mr. Shattuck last October remain in prison.[11] They include, for example, Bao Tong, 60 years old, who has been detained under harsh conditions for over four years; he recently was transferred to a Beijing hospital, but his family now fears he may be suffering from cancer.

ACCOUNTING

During Assistant Secretary Shattuck's trip to Beijing in late February 1994, he was given some information on prisoners in partial response to lists he had submitted in October 1993. Those lists contained the names of 341 people detained or restricted due to their political or religious beliefs. The Chinese response is so thin on detail and so inaccurate it is virtually useless as an "accounting" of prisoners, as required by the Executive Order. It provides minimal information until now unavailable on only *five people:* (1) Abduweli, is listed among sentenced prisoners; he was known to have been arrested but not known to have been sentenced; (2) Gao Yunqiao, sentenced to death with a two-year reprieve; the Chinese now list him as sentenced, apparently meaning the sentence was commuted; (3) Bayantogtokh, believed to have been imprisoned in Inner Mongolia; the Chinese now say he was released; (4) Wang Manglai, also imprisoned in Inner Mongolia; the Chinese say he was released under the name Wa Manglai; (5) Abdurrezzak, according to the Chinese, was released on medical parole/suspended sentence; this was previously unknown.

Of the 341 names, the Chinese have promised information on 106 Tibetans, and responded on only 235. But the Chinese claimed they were unable to identify approximately a third of these. (This includes, for example, well-known dissidents now in prison or detention, such as Zhang Yafei and Chen Yanbin, student leaders sentenced in March 1991.) In those cases where the Chinese acknowledged individuals were detained or released, no information was provided on their whereabouts, charges, or lengths of sentences. The names are simply divided into eight categories

[11] Released on medical parole: Zhao Pinju (mid-June, 1993), Ding Junze (Feb., 1994), Wang Juntao (April 1994).

that are so broadly labelled they are utterly devoid of meaning. (Our new report contains a more detailed assessment of the Chinese government's response.)

The Administration should refuse to accept this faulty so-called "accounting," and we would repeat our earlier recommendation that the State Department should also seek a meaningful accounting for all of the 3,317 cases the Chinese government officially acknowledges have been convicted of "counterrevolutionary" crimes.[12]

FORCED LABOR

A mandatory condition in the Executive Order deals with cooperation on implementing the U.S.-China agreement on prison labor exports.

During his visit to Beijing in January 1994, Secretary of Treasury Lloyd Bentsen announced that the U.S. Customs Service was being given permission to visit five suspected prison labor sites under the terms of the MOU (Memorandum of Understanding) signed by the U.S. and China on August 7, 1992. Secretary Bentsen also said that measures to ensure more effective implementation of the MOU had been agreed to in principle, but no agreement was signed.[13]

Among the five sites to be visited were facilities such as the Shanghai Laodong Machinery Factory and the Shanghai Laodong Steel Pipe Works. Requests to visit these prison factories had been made as early as 1992 but were denied, and we suspect that by the time any inspections have taken place, the Customs Service will find little that is worth inspecting.

During Secretary Christopher's trip, a new agreement on prison labor was signed ("Statement of Cooperation on the Implementation of the MOU"), an implicit recognition by the U.S. that the Chinese have been stonewalling and have not been living up to the terms of the first agreement. Will the promises of better cooperation in this agreement be worth anything more than those made in the previous agreement? Until the Customs Agency and State Department provide a full report on how the Chinese have responded to at least 15 outstanding requests for information and/or inspections, this is impossible to assess. We believe that nothing short of frequent, unannounced visits will help ensure that prison labor goods are no longer being exported to the U.S. And I would note that the agreement on textile exports reached with China on January 18, 1994, does allow U.S. officials to conduct surprise inspections of Chinese companies suspected of engaging in illegal transshipments. Why was the Administration not just as tough in demanding stricter compliance with the prison labor MOU?

Congress should insist on tangible, measurable progress and a dramatic improvement in the level of cooperation by Chinese authorities. In the meantime, I would simply note that the new agreement *is* a step forward in that it stipulates that requests for information or inspections by the U.S. should be met within 60 days. The original MOU had no such time frame.

However, the new agreement is not without loopholes. For example, in paragraph 5, on page 2, the Chinese side is required to furnish "relevant" records and materials, and to arrange inspections of "necessary areas" of the prison facility or labor camp. But who will determine what is "relevant" and "necessary"? In the case of some previous inspection requests, the U.S. was simply told that certain facilities or portions of facilities were "not open to the public," and therefore inspections were not "necessary."

Human Rights Watch/Asia continues to document the use of forced labor in China, and the use of political prisoners to make products for export purposes. A forthcoming report will include some of the latest information we have available on inhumane prison conditions and forced labor for export, including a first-person account by a former prisoner.

The report we are issuing today documents the case of thirty-one members of a Protestant church sect in Shandong Province who were arrested in a fierce crackdown in May-June 1992; the sect's meeting was broken up, participants arrested, and their church building bulldozed. The leaders were arrested and given stiff sentences. We now know that the local leader, Zheng Yunsu, sentenced to 12 years in prison, is being held at the Shengjian Motorcycle Factory (actually, a prison enterprise). Most of the twenty-five other sect members are performing forced labor at

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[12] Our report, *Detained in China and Tibet,* contains the names of 1,200 so-called "counterrevolutionaries."

[13] Human Rights Watch/Asia is not opposed to prison labor *per se,* but we do oppose forced labor which is forbidden by international standards; we object to political prisoners being assigned to perform forced labor, also a violation of international norms, and condemn human rights abuses such as beatings, atrocious prison conditions, and inhumane treatment—all common features in China's prison factories and labor camps.

Shandong Province No. 1 Labor Education Center, working in a clay mine that exports its products to the U.S., Japan, and other markets.[14]

A former political prisoner from that same labor camp, now in the U.S., has provided to us and to the Customs Service a graphic account of the conditions there, including exhausting work, numerous accidents, rudimentary medical care, and the beating of prisoners who fail to meet production quotas or are considered insubordinate.

Senator ROBB. Thank you very much, Mr. Jendrzejczyk. Professor Hopkins.

STATEMENT OF PROF. JEFFREY HOPKINS, DIRECTOR, CENTER OF SOUTH ASIAN STUDIES, UNIVERSITY OF VIRGINIA, CHARLOTTESVILLE, VA

Dr. HOPKINS. Thank you, Mr. Chairman. Thank you very much for the opportunity to present this testimony today.

My name is Jeffrey Hopkins, and I am the director of the Center of South Asian Studies and a professor of religious studies at the University of Virginia, specifically of Tibet and Buddhism. I have studied Tibet over the past 31 years, and I have authored or translated 20 books on Tibet and Buddhism as well as a 3-volume language text.

I have traveled to Tibet five times, in 1986, 1987, and 1988, 1990 and 1993. I speak Tibetan fluently and have been able to spend extended periods of time amongst Tibetans without being monitored by Chinese authorities.

Today I will address Chinese compliance with President Clinton's Executive order of May 28, 1993, conditioning future renewal of the most-favored-nation trading status, in particular the condition calling on China to protect Tibet's distinctive religious and cultural heritage.

I regret to say that as of today the Chinese Government has made absolutely no progress toward meeting this condition on Tibet. The U.S. administration has been calling on the Chinese to enter into substantive negotiations with the Dalai Lama or his representatives as a first step toward meeting the Tibetan condition, recognizing that the only way to ensure the survival of the Tibetan religion and culture is for a negotiated settlement to be achieved.

The Dalai Lama has made numerous statements over the years calling for the Chinese to begin to negotiate with the Tibetan people without preconditions. In a speech he gave in New York last Tuesday which I attended, the Dalai Lama expressed again his willingness to enter into negotiations without the issue of independence being on the agenda, as long as all other issues affecting the Tibetan people—and this being along the framework which Deng Xiaopeng gave in 1979, that "except for the independence of Tibet, all issues can be negotiated."

Even in the light of these concessions, the Chinese have refused to respond positively and continue to say that the Dalai Lama is insisting on independence. I would point out that the Dalai Lama's concession not to speak on independence is a huge concession, because in the Tibetan language there is not even a word for a nation that would include both Tibet and China. That is how much, in the

[14] See "China: No Progress on Human Rights," Appendix, page 26, for a listing of their names and whereabouts.

Tibetan's mind, there is no question on this issue, but he has conceded not to bring this up.

Let me turn to the current situation in Tibet. The Chinese Government's suppression of monks and nuns in Tibet has always been violent, but it is now immediate and for minor reasons. Arrests of nuns and monks for peaceful demonstrations in favor of self-rule are immediate, resulting in incarceration commonly for 3 to 6 years, and some of those sentences are even being doubled merely for chanting.

Intimidation of monks and nuns who have been arrested often includes torture, and is part of a conscious policy of violent control of the centerpiece of Tibetan culture, its religion. The policy manifests in numerous ways. Thought control units are being increasingly established in monasteries and nunneries for the sake of political indoctrination.

The number of monks at monastic universities is severely limited by the Chinese Government, such that, for instance, an institution that formerly had 7,700 students, after being completely closed, now has a total of no more than 450 students, faculty, and staff. If that happened at my university, we would not say it had reopened.

Democratic management committees controlled by the Chinese and planted in each institution control the administration of the monastic institutions. During my most recent trip to Tibet in 1993, I was horrified to find that the Lhasa Valley, the seat of the capital of Tibet, has been turned into a Chinese city. The influx of Chinese settlers is so great that Tibetans are fast becoming irrelevant in their own land.

In addition, Chinese military presence in Tibet has dramatically increased in recent years, and the construction of military facilities in and around Tibet's urban centers has escalated. There are now 11 major and 9 minor military camps in Lhasa Valley itself.

The Chinese Government may demand credit for rebuilding a few of the more than 6,000 monasteries that they destroyed. However, their funding and then dominating a few cultural institutions does not constitute protecting cultural freedom. In sum, the Chinese Government has made no progress toward meeting the condition included in President Clinton's Executive order calling for the protection of Tibet's distinctive religious and cultural heritage.

I was at the State Department's conference for leaders in higher education 2 weeks ago, and I enjoyed Winston Lord's speech that day, which was given much more freely than the way he spoke here, and I agree with him, or the things that he said then.

No. 1, that freedom is not a Western export. It is not a crusade by a few idealists. It is a survival instinct, he said, and I agree with Winston Lord that there are universal norms of human rights, these being not to be subject to torture, not to be held without due course, and for there to be a free press for countering corruption, a very important point.

I agree with Winston Lord also that no country should dominate in Asia. I agree with Winston Lord that open societies do not attack open societies. I applaud his standing up and objecting to those who claim that the United States is seeking to transform Chinese society. These same persons call basic human rights

quaint in the Asian perspective. I assume that this is due to a lack of on-the-ground experience in Asia, a problem that Mr. Lord certainly does not share.

My basic point is that economics as the sole principle of a world order actually will lead to chaos. I am an avid capitalist, especially after having witnessed the devastating effects of communism on human initiative, but I fear return to the extremely low wage, unregulated situation of the late 19th century, as workers are given no recourse but to accept low wages.

It is contradictory to try to fix our economy at home and at the same time engage in unregulated pursuit of short-term profits from low-wage countries that create great deficits for the United States.

Let me put the situation in a wider context. China is the second economy in the world now, but will be the first 10 years from now. We all know of its 9 percent growth rate over the last decade and the 13 percent projected growth rate this year.

In the last year also there has been an unprecedented $110 billion committed from other countries for development in China. Our trade deficit we all know is $24 billion, but actually $30 billion if the service sector is included, and we all know that that trade deficit is projected to increase, not decrease.

It has also been said that there are 100,000 U.S. jobs that are dependent on our trade with China, but there are even 200 million Chinese jobs dependent on their trade to the United States.

We need to be concerned about what we are fostering. No one wants to talk about it, but what is it going to be like when, a decade from now, China is the premier economic power, with great political influence? Are we fostering an aggressive power that wants to be the predominant civilization in Asia?

Chinese Government officials even claim that there are no political prisoners and that there is no torture in their country, despite documented evidence to the contrary. They claim that they are not a threat to the region, despite their supplying $1.2 billion in arms to the SLORC in Burma, and despite the revelation of plans to take over Mongolia.

Therefore, while we still have leverage, we need to encourage openness, the forming of democracy, and integration with the democratic norms of the world community.

When the Dalai Lama spoke last Tuesday in New York City, he mentioned about the myopic view of economists who only look at numbers, and then we have human rights persons who only work on this segment, whereas economic progress is for the sake of human welfare itself. The two are bound together. There is no way that they can be delinked.

In sum, to accomplish the preservation of Tibetan religion and culture, it is necessary to restrict settlement of Chinese in Tibet, and to accomplish this, negotiations with the Dalai Lama are imperative.

Last Thursday, when the Dalai Lama met with President Clinton and Vice President Gore, the President and Vice President expressed their support. It is time we learned that we must be as tough with China as China is with us. Unconditional extension of MFN in 1994 would be one of the worst foreign policy blunders President Clinton could make during his presidency, because it will

be taken as a major retreat and a sign of weakness, not only by the Chinese Government and people, but by other governments and peoples as well.

President Clinton's credibility is at stake, as is the credibility of this country's principle of human rights and the aspirations of freedom-seeking persons throughout the world.

Thank you.

[The prepared statement of Dr. Hopkins follows:]

PREPARED STATEMENT OF DR. HOPKINS

Mr. Chairman and Members of the Committee, thank you very much for the opportunity to present this testimony today. My name is Jeffrey Hopkins and I am the Director of the Center for South Asian Studies and Professor of Religious Studies at the University of Virginia, as well as the President of the Institute for Asian Democracy (a Washington-based non-governmental organization). I have studied Tibet over the past thirty-one years and have authored and translated twenty books on Tibetan Buddhism as well as a three-volume language text. I work closely with the International Campaign for Tibet and have served as a translator for the Dalai Lama.

I have traveled to Tibet five times—in 1986, 1987, 1988, 1990 and 1993. I speak Tibetan fluently, and have been able to spend extended periods of time amongst Tibetans without being monitored by Chinese authorities.

Today I will address China's compliance with President Clinton's Executive Order of May 28, 1993 conditioning future renewal of their Most Favored Nation trading status (MFN), in particular the condition calling on China to protect Tibet's distinctive religious and cultural heritage.

I regret to say that as of today, the Chinese Government has made absolutely no progress towards meeting this condition on Tibet. The broadness of the Tibet condition is in recognition that the problem in Tibet is not simply one of human rights violations, environmental degradation, or even distinctive development practices, but one at which the very survival of a people and their identity is at stake.

The Administration has been calling on the Chinese to enter into substantive negotiations with the Dalai Lama or his representatives as a first step towards meeting the Tibet condition, recognizing that the only way to ensure the survival of the Tibetan religion and culture is for a negotiated settlement to be achieved.

The Dalai Lama has made numerous statements over the years calling for the Chinese to begin negotiations with the Tibetan people without preconditions. In fact he presented his forward-looking proposal, the Five Point Peace Plan, to the U.S. Congress in 1987. In this proposal and others, the Dalai Lama has stressed the importance of substantive negotiations and expressed that he is willing to not include the issue of independence on the agenda for such negotiations. However, even his proposals to visit Tibet to urge the Tibetan people to adhere to the principles of nonviolence have been rejected by the Chinese Government.

I had the opportunity to see His Holiness the Dalai Lama when he was on the East Coast last week and have learned from Lodi Gyari, his Special Envoy, that he had a very productive meeting with President Clinton and Vice President Gore on Thursday.

In this meeting, and in a speech he gave the night before in New York, the Dalai Lama reiterated his willingness to enter into negotiations without the issue of independence being on the agenda, as long as all other issues affecting the Tibetan people, along the framework enunciated by Deng Xiaoping in 1979 that "except for independence of Tibet, all issues can be negotiated".

Even in light of these concessions, the Chinese have refused to respond positively, and continue to say that the Dalai Lama is insisting on independence.

In addition to the failure of the Chinese to agree to enter into substantive negotiations, the Chinese Government has taken no steps, itself, to protect Tibet's religious and cultural heritage. In fact, the current assessment of the situation in Tibet by those inside is that government regulations and restrictions may seem looser on the surface, but they are actually tighter underneath.

The Chinese Government's suppression of monks and nuns in Tibet has always been violent, but it is now immediate, and for minor reasons. Arrests of nuns and monks for peaceful demonstrations in favor of self-rule are immediate, resulting in incarceration commonly for three to six years.

Intimidation of monks and nuns who have been arrested often involves torture and is part of a conscious policy of violent control of the centerpiece of Tibetan culture, its religion. The policy manifests in numerous ways:

- Thought control units are being increasingly established in monasteries and nunneries for the sake of political indoctrination.
- The number of monks at monastic universities is severely limited such that, for instance, an institution that formerly had 7,700 residents, after being completely closed, now has a total of no more than 450 students, faculty, and staff.
- Democratic Management Committees, controlled by the Chinese and planted in each institution, prevent students from traveling to other institutions to attend special lecture series.
- The Chinese Government controls who is allowed to teach at monastic institutions and the monastic universities are allowed to give only a very few public teachings, thus depriving the lay population of religious learning.

During my most recent trip to Tibet in 1993, I was appalled to find that so many monks and nuns have been arrested and tortured that there is an atmosphere of palpable fear in religious institutions.

On this trip I was also horrified to find that the Lhasa Valley, the seat of the capital of Tibet, has been turned in to a Chinese city. The influx of Chinese settlers is so great that Tibetans are fast becoming irrelevant in their own land.

In recent years, thousands of Chinese civilians have migrated to Tibet solely to exploit economic opportunities. While Beijing has instituted a new "economic reform and opening" program in Tibet, the new economic policies mostly benefit the Chinese settlers and further marginalize the Tibetan population. Furthermore, direct incentives and lax enforcement of residency regulations by governmental officials encourage the relocation of Chinese civilians in Tibet. By the end of 1992, for example, all controls on the movement of Chinese civilians into Tibet were abandoned. By contrast, movement of Tibetans within their own country, and particularly from rural to urban centers, is strictly regulated.

In addition, China's military presence in Tibet has increased in recent years and the construction of military facilities in and around Tibet's urban centers has escalated. There are now eleven major and nine minor military camps in Lhasa Valley itself.

Demolition of traditional Tibetan homes and buildings has increased dramatically in the few remaining Tibetan parts of Lhasa, and the bulk of development activity in Tibet benefits the increasing numbers of Chinese residents. Most commercial and retail space is built for Chinese businessmen, and the construction itself is performed by Chinese labor.

The Chinese Government may demand credit for rebuilding a few of the more than 6,000 monasteries that they had destroyed. However, funding and then dominating a few cultural institutions such as the Potala Palace does not constitute protecting cultural freedom.

In sum, the Chinese Government has made no progress towards meeting the condition included in President Clinton's Executive Order calling for the protection of Tibet's distinct religious and cultural heritage.

The debate over MFN for China often resorts to a number of myths—all of which would have us believe that we must extend MFN to China. Some are transparent and appear concocted by well paid PR firms, but others are more insidious. Here are five common ones:

Myth #1: China does not have an expansionist policy.—The counter-evidence showing that China is indeed expansionist abounds—occupation of Tibet, interference in Cambodia and Burma, placing of settlers in Burma, the probable establishment of a naval intelligence base in the Indian Ocean.

Myth #2: China could be isolated.—The fact is that China *cannot* be isolated. It has a permanent seat on the United Nations Security Council and a vast network of trading partners throughout the world; thus, it is absurd to suggest that any sanctions imposed on it could isolate it. The argument that sanctions should not be imposed because an isolated China would be dangerous is bogus.

Myth #3: Capitalism leads to democracy.—The current experiment in China is proving to the world in general and Russia in particular that capitalism can thrive in a totalitarian regime. Because of the lax treatment the U.S. has been affording China, the Russian people and its reactionary politicians are learning that a return to totalitarianism may be economically and politically successful.

Myth #4: The Chinese Empire is going to disintegrate.—Change in the Chinese government will come about only if the peasants and workers join with the intellectuals, and this will not happen in a thriving economy. Hence, it is inappropriate to apply the model of the disintegration of the Soviet Union to the Chinese Em-

pire. The opposite is true: the totalitarian regime in China is getting stronger while its economy is becoming more capitalistic.

Myth #5: Ceasing or strongly conditioning the MFN will harm the moderates in the Chinese government.—At present our lax trade policy is strengthening the hand of the totalitarian element in the government because they are enjoying such great economic success. Strong enforcement of MFN conditions by requiring reversal of Chinese settlement in Tibet and negotiations leading to self-determination for the Tibetan people will strengthen the hand of the moderates who are calling for change. Far from harming the moderates, enforcement of the MFN conditions will weaken the hard-liners who presently point to their success with the MFN as proof for the viability of their position.

It is time we learned that we must be as tough as China is with us. Unconditional extension of MFN in 1994 would be one of the worst foreign policy blunders President Clinton could make during his presidency because it will be taken as a major retreat and a sign of weakness not only by the Chinese government and people, but by other governments and peoples as well. President Clinton's credibility is at stake, as is the credibility of this country's principle of human rights.

The move to de-link trade and human rights would seriously damage U.S. interests in many parts of the globe. Or are we supposed to de-link trade and human rights for China, but not for Iraq, Cuba, North Korea, the former Yugoslavia, or Mexico?

Our responsibility in making the right choice on MFN for China is enormous also because China is our second largest trading partner. We cannot allow American jobs to be lost to forced labor in Chinese prisons. Our involvement and impact on that country are so extensive that we must absolutely integrate trade and human rights concerns or send a message of despair to those risking their lives for democracy and freedom in China and Tibet.

After the Dalai Lama's meeting with the President, the White House issued a statement expressing its support for substantive negotiations and welcoming the Dalai Lama's offer, made in New York, to personally meet with members of the Politburo to discuss these issues any time.

As an American, I trust that the President will stand by his commitment to human rights and democracy enunciated in his 1993 MFN Executive Order and not extend MFN if no progress is made on the Tibet condition. However, I am deeply concerned that the Administration has been sending conflicting messages to the Chinese Government and to the international community concerned about human rights. For example, why was the President accompanied by Commerce Secretary Brown and Economic Adviser Bob Rubin when he met with Chinese Vice Premier Zou Jiahua on Monday, but he was accompanied by members of the National Security Council when he met with the Dalai Lama last week?

Today millions of people inside Tibet continue to suffer as the threat of cultural extinction grows with each day. However, as a result of the President's MFN Executive Order, the U.S. has a renewed opportunity to truly help bring about a change in China's repressive policies in Tibet, particularly if a strong, consistent message is transmitted to the Chinese Government.

We stand at a crossroads; our actions this year will determine our relationship with China, and the perception of the United States by the international community, into the next century.

[Other material submitted by Dr. Hopkins may be found in committee files.]

Senator ROBB. Thank you very much, Professor Hopkins. Mr. Kapp.

STATEMENT OF ROBERT KAPP, PRESIDENT, U.S.-CHINA BUSINESS COUNCIL, WASHINGTON, DC

Mr. KAPP. Thank you, Senator. I am very glad to be here. The day is drawing to a close, so what I am going to do is thank you for your offer to put my submitted testimony into the record, take one or two points out of it, and then turn to one or two additional points that are separate.

Senator ROBB. Please.

Mr. KAPP. I am not here to discuss jobs, jobs, jobs, or the standard facts that I think after 5 years we all are familiar with in rela-

tionship to the size of American-Chinese economic exchanges. I would rather move quickly to a couple of other things.

No. 1, as far as I can see after working at the U.S.-China Business Council for a month, major American corporations take nothing for granted in relation to MFN. Companies are not sitting around saying, "It is in the bag, do not worry," and anyone who has been given that impression is, I think, mistaken.

Senator ROBB. Mr. Kapp, would you mind moving the microphone a little closer?

Mr. KAPP. I am sorry—certainly.

The point very quickly was just that in my limited experience with major American firms of the Council, no one is taking MFN for granted, and any suggestion that others are getting that impression I think is in my view probably a reflection of misunderstandings on the part of those who had those impressions. American business is not sitting around confident that MFN is in the bag.

The central point that I want to make today, and I will of course be disagreeing somewhat with Professor Hopkins and with Mike, is this. We have, I think, for 5 years been debating endlessly over the wrong question, and we will be stuck with that question for another 20 unless we redefine the issue appropriately.

The question we have been asking for the last 4 or 5 years, in the understandable sense after Tiananmen that we had to do something, was this: what should the United States do to China economically in order to compel its government to do what we demand of it politically? That is what we have been debating. How far should we go in turning the economic screws in order to engender political responses in China that we demanded of them? We will never get to the end of it.

The proper question that we should be asking, and I am going to read it just so I can say it exactly as I need it, is: Under what circumstances is China most likely to evolve, politically, and socially, as well as economically, in directions most compatible with deeply cherished American values?

Every American is entitled to his hopes or her hopes for what China might become, as every Chinese is entitled to the same hopes for the United States, and there are things, of course, to hope for here, too. That is the question we should be asking, and on which we should be making policy. Under what circumstances will China go in directions that most Americans who hold to deeply cherished American values would find the most compatible and the most congenial?

If we ask that question, the obvious answer is, more engagement, more trade, more investment, more economic improvement within China through the engagement with the United States and the rest of the world economically, more educational and social interactions on top of the immense range which already have been developed in the last 15 years, more cooperation on Asian-Pacific economic affairs à la APEC, which was my life work last year in Seattle, more and closer cooperation in regional and global security and environmental issues, the things that Gerrit and other people have spoken of today. None of that is likely, if the United States were to abro-

gate or degrade the trade relationship which is based on the 1980 trade agreement calling for reciprocal granting of MFN.

It is my sense that the two governments are in fact confronting a very serious policy failure far deeper and more ominous than the relatively confined question of maintaining normal trade relations. Degrading normal MFN-based trade will not be a U.S. victory; it will be a U.S. defeat.

The current policy is based on the assumption that the threat of MFN revocation, not the revocation itself, would compel changes in China's domestic political conduct. Mike and I have gone through this before. Mike has several times mentioned that there is no alternative to MFN, blunt instrument though it be, as a way of making, or, if you will, inducing the Chinese to change certain aspects of their practices.

But we are now at the point where we either have to fish or cut bait. Everybody can understand that the minute that MFN goes down, the leverage on human rights that we thought we had is completely gone.

So the policy of the last few years that emphasized that it would be the threat that made the difference has reached the point of no return, the point of nullity.

We have discussed the fact that unilateral sanctions are compromised from the start. We simply have to recognize that degrading the trade relationship between the United States and China would itself be compromised if other countries did not play, and we all, I think, understand that they will not play.

Unlike the NAFTA, in which both sides could haul out or hire an economist and argue that jobs would be gained or jobs would be lost and we could never really prove it—unlike NAFTA, it is strongly likely that the degrading of the U.S. MFN relationship with China would induce Chinese retaliations, and the job loss from those retaliations would be specific and traceable.

On the day when we close the market to them, and perhaps they return the favor, the clear relationship to loss of employment in the United States will not be in doubt. In short, we look policy failure in the face, and the momentary glow of, if you will, righteousness when we take a very serious step in this regard would not be the last feeling that the United States had on the subject of the wisdom of the policy.

Let me go on and deal for a minute, even though it has not come up so much today, with several of the points which enter the discussion of the MFN debate in Congress and elsewhere in the public dialog.

No. 1, trade versus human rights is a completely false dichotomy. It has no validity. It is a headline writer's and subheadline writer's tool in little indented heads and articles, but in fact "trade vs. human rights" is a false dichotomy that legislators and policymakers should simply reject once and for all.

The implication that U.S. business with China is responsible for inadequacies in China's human rights record is not only without basis, it does little credit to those who casually employ the slogan.

Similarly, the suggestion that U.S. business is "bankrolling China's dictators," a phrase which I heard used by a person sitting on my left or on my right at the conference not long ago, we denounce

the Chinese for sloganeering in their politics, but the notion that U.S. business is bankrolling Chinese dictatorship, or Beijing's dictators, falls into the same category. We should get out of that business as well.

No. 3, the familiar dialog about the "butchers of Beijing," this language may be great in certain political contexts, but it is incompatible with sound policymaking on an issue of such importance to the U.S. national interest.

I might say that as I got in the car this morning to come down here, I heard about the happy agreement between Yasser Arafat and Prime Minister Rabin relating to the Gaza and to Jericho, and the reporter from the radio station noted that as the document was signed, 5,000 people were released from jail as the Israelis had pledged to do, but that human rights sources said that there were at least 10,000 in custody altogether. Not a peep from the U.S. Government about these detentions.

So I think this rhetoric of the butchers of Beijing and the kind of focusing in some ways very selectively on issues in China is not entirely, shall I say, honest.

Let me turn to one more that comes up a lot: we sell 2 percent of our exports to them, they sell 40 percent to us, therefore they need us so much that if we hold the line they will give in.

The first thing to say is, if you kill MFN, you can say goodbye to 3 percent of our exports going to China, or 4 or 5 or 10, which is a very serious thing to think about. Two percent may not be a lot. It is a lot in dollar terms, and it is a lot to those who are making the products, but it is small compared to perhaps 5 or 8 percent of U.S. exports. All of that is out of the picture if we turn off the spigot of MFN.

The other point, of course, about Chinese exports to the United States is that a lot of their product coming in now is coming in from factories placed on the mainland from Hong Kong and Taiwan, with Hong Kong and Taiwan capital. The overall trade deficit, if you will, between the United States and these three entities taken together is not that different that it was before.

We are almost out of time here. Let me just say that in our view the time has come for the President really to lead, and to lead, he should in fact come out and say that we are on the wrong track, we are asking the wrong question, that the greatest interest for the United States as a Nation and for our hopes for human rights improvements in China lies in full engagement, including the maximum economic engagement that we can develop with the People's Republic, and he should simply move us into this new track. That is true leadership.

The political packages—that is, the targeted sanctions, the raising the 10 percent to see whether or not they gave—these will not score political points for the administration, in my view.

He needs to lead. My hope is that when he does lead, thinking Members of Congress, both parties, both Houses, will have made it clear, quietly or, perhaps, publicly, that when he leads they will welcome his leadership and stay with him in embarking on a new and more realistic and successful engagement with China, including in this realistic and successful engagement a greater likelihood of real progress and real overall long-term progress in the improve-

ment of what we consider to be the most necessary human rights conditions in the People's Republic of China.

There is room for Presidential leadership. there is room, great room for congressional statesmanship.

Thank you.

[The prepared statement of Mr. Kapp follows:]

PREPARED STATEMENT OF MR. KAPP

Mr. Chairman, Members of the Subcommittee.

Thank you for inviting me to offer brief remarks to you today.

My name is Robert Kapp, and I am president of the U.S.-China Business Council, the private, member-supported nonprofit business association which since, 1973—the year after President Nixon's historic visit to China opened the door to renewed American economic engagement with China—has served as the most widely respected voice of the large and diverse U.S. business community engaged with the People's Republic of China. I have been with the Council since April 1, returning to the East after twenty years in Seattle Washington, where I had previously been in charge of both a regional China organization and a regional trade policy association.

It will not be a surprise to you that the U.S.-China Business Council strongly supports the continuation of normal trade treatment for the People's Republic of China, through the renewal of China's MFN status without conditions. The standard arguments in favor of MFN renewal are familiar, and bear only brief mention here: exports to China support hundreds of thousands of U.S. jobs, and are rapidly expanding; U.S. firms have large and growing investments in China that are at risk if trade relations collapse; unilateral U.S. sanctions unsupported by other major trading nations will not succeed but *will* turn over economic opportunities to our international competitors; and so on. The business arguments for maintaining normal and expanded economic relations with China are clear.

I propose, however, not to spend my limited time with you today rehearsing these details of U.S. business interest in China. After five years of annual convulsion over MFN, there is little new to reveal here, except for the continual growth in China's economic performance and in the scope and breadth of the U.S. engagement with China's economy.

My remarks today are of a different nature, as you will see. They are predicated, however, on two givens: first, that you, as members of the Senate Foreign Relations Committee, have accepted the special mandate to consider U.S. relations with other countries in their totality, and in realistic context; and second, that we all accept the fact that business persons like myself and my colleagues in the U.S.-China Business Council understand life's complexities, and that in our professional lives we are of course concerned not only about our business details but about the historical, social, ethical and political issues within which we carry out our work. I trust that we are of one mind on those two assumptions, and will proceed accordingly.

The timing of my appearance before you today is unintentionally highly symbolic, and provides the theme of my comments to you. For today is the seventy-fifth anniversary of something that virtually every Chinese citizen knows about and virtually no Americans know about, the May Fourth Movement of 1919.

On May Fourth, 1919, a huge throng of excited young students and teachers exhilarated by their common purpose and joined and cheered on by other citizens of Beijing, marched through the streets of Beijing in an unprecedented political demonstration. Their cause was nothing short of "national survival". The demonstration, and the violence that it met in front of Tiananmen that day seventy five years ago, is widely regarded as the key event in the birth of contemporary China.

China in 1919, controlled by warlords in a manner that would today remind us of Somalia, lacked a national government worthy of the name. The country was fragmented and racked by endless military conflict. The people were impoverished, often starving, often opium-ridden, and overwhelmingly illiterate. In the world, China was a laughingstock—huge, ungoverned, corrupt, degraded, and utterly impotent in the face of foreign intrusion and aggression.

In May of 1919, the Versailles Peace Conference, which drew up the settlement to end the First World War, had just ended. Members of the Foreign Relations Committee will remember that the United States had entered the war in 1917 under a stirring moral banner. The war was fought to "Make the World Safe for Democracy." Once in the war, President Woodrow Wilson, standing true to America's values, enunciated the famous Fourteen Points, by which the United States, emerging for the first time as a great and deciding military power in world affairs, provided

the moral compass around which the U.S. and its European allies constructed their victorious military effort against Imperial Germany and its allies.

In what we would now call the "developing world"—the undeveloped pre-industrial countries and the colonies of Africa and Asia which had been seized and exploited by the European powers in the 19th century—nothing stirred emotions of hope and enthusiasm for American ideals more than President Wilson's ringing defense of "national self-determination" and for the adjustment of the Old World's colonial claims. America circulated sixty million copies of a book of "Wilsonisms" worldwide; in China, historian Thomas Bailey tells us, "Wilsonisms" became a best seller. It seemed, to the oppressed and exploited of the world, that the great industrial powers had fought a horrific war over great ideas, and that the cause of justice and emancipation had triumphed.

Then came the Peace Conference. As the world—and more importantly for our meeting today, the hope-filled students and writers and teachers of China—watched in dismay and outrage, the victorious Powers—including the U.S., Britain, France, and Japan—righteously stripped Germany of its colonial holdings and possessions around the world, including the so-called "Concessions" in coastal North China that it had seized from the impotent Chinese imperial government at the end of the 19th century—and awarded the concessions to Japan! The Chinese soil once controlled by Germany, and the Chinese people on that soil, were simply horse-traded by the Great Powers to another power eager for economic concessions and strategic basis within China. China, which had entered the war against Germany in part to secure its interests in the postwar settlement, sent its most distinguished negotiators to Versailles. They protested in vain; the Chinese ally was brushed aside. The Powers ignored China completely.

The resulting May Fourth demonstrations in Beijing was directed at the hypocrisy of the Versailles agreements, to be sure, but the demonstrators' indignation and anger were hurled above all at the impotence of the warlord regime, which had so miserably failed to defend China's independence and sovereignty at the Peace Conference.

At the demonstration, patriotic students mounted tables and chairs, with hand-held megaphones, to exhort the crowd to rouse themselves for China's very survival. The crowd rushed to the residence of some of the Chinese diplomats who had stood to the side while Versailles conferees traded China's rights among themselves. Warlord troops arrived, took up positions, and opened fire. There were many casualties. The rest of the world read the news in the papers, and forgot about it.

The student demonstrations of this date seventy-five years ago, however, gave birth to ten years of ferment and revolution. both political and intellectual. This was the May Fourth Movement, during which the roots of today's China were established.

From May Fourth, an iron nationalism, a determination to defend China's sovereignty against external interference and humiliation formed the core of each successive regime's claim to legitimate control of China's territory. At the same time, the May Fourth Movement also gave birth to the communist movement and the Chinese Communist Party. Some of the students and scholars who led the May Fourth movement became the fathers and mothers of the political organization which, after thirty years of civil struggle and devastating Japanese invasion, clawed its way to power in 1949. Deng Xiaoping, the most-powerful man in China today, was a member of the May Fourth generation, who became a communist while working as a laborer in France in 1921, seventy-three years ago.

May Fourth is roughly comparable, in the minds of Chinese people today, to what the Battle of Lexington is to Americans; it represents an historical turning point, the moment at which the modern national consciousness ignited. It was the moment when intellectual outrage over China's weakness at the hands of the developed nations began to merge with organized political efforts to structure a modern government capable of defending the nation and leading China's people out of destitution and degradation.

The government of China knows all of that. It is their starting point. America's leaders and policy makers must understand it as well. Such understanding is not one of our stronger suits.

Over and over again, for a hundred years and more, we have made China policy in the dark, defining China solely in our own terms, with easily-coined slogans and buzzwords substituting for reliable knowledge harder to attain. Americans have tended to take China as a blank slate and to write our own world views onto the blankness. We have, at one time or another, discovered that China wanted to be just like us, as when the last imperial dynasty was toppled in 1911 and a Republic was proclaimed, or when we joined in common alliance against fascism and Japanese aggression during the Second World War. Recall the American Senator at the

turn of the century who announced that the U.S. would "raise China up, and up, until it is just like Kansas City!"

We should have known better; China isn't and doesn't want to be "just like us," but it was convenient and expedient to portray it thus for domestic consumption here in the United States. At other times, we have consigned China to the ranks of the uncivilized, demonizing the country and its people as beyond the pale of enlightened civilization. This theme has been sounded this very year, in the hearing rooms of this Congress, as we debate once again the future of U.S. trade relations with China.

The other side of the coin, of course, is that China's leaders view America through the filters of their own political and national experience, and their picture of our country frequently would be unrecognizable to Americans. American moralism towards China—the tendency to assume that we possess a unique and correct hold on ethical and moral truth, and that it is our unquestionable obligation to lead China in the direction of that Truth—has in the past encountered Chinese moralism. China has a three thousand year tradition of assuming that the holder of worldly power—the Emperor, the Party—is by definition the fountainhead of moral truth. Ruling, one embodies Truth. It doesn't matter how you get to the point of ruling—China has absolutely no tradition of constitutional, electoral selection of its rulers, and ruling power has traditionally been seized by violence. But once in power, all rulers have claimed moral authority—and the best of them have indeed not only preached but employed their moral authority to the benefit of the Chinese people. But honest or corrupt, genuine or hypocritical, China's rulers have always lectured others on right conduct—whether their audience was their own subjects or their adversaries from other lands.

This clash of conflicting moralities—and of tendencies to moralize at each other—is the core of the historical U.S.-China encounter, and the source even today of the most basic difficulties between the U.S. and China.

Why have I gone on at such length, in a Congressional hearing on today's U.S.-China Relations, about traditions and cultural values and political crises of nearly a century ago?

Because our challenges and opportunities with China today are inseparable from these larger historical forces.

In my view, virtually all educated Chinese adults understand the congruence between the Tiananmen demonstrations—and the government response—in 1989 and the May Fourth demonstration of 1919. I venture to say that most Chinese people today, including the most vociferous intellectual and political dissidents opposing the Deng Xiaoping regime, share the ironclad commitment to China's power to determine its own destiny, free of foreign meddling and what we used to politely call foreign "tutelage." Today, China's yearning intellectuals and writers ask questions that were in the air four generations ago: how can we learn "science and democracy"? If our future is in our own hands, how can we forge a political system that reduces intractable injustice and wields power humanely? How can we escape from the tyranny of our own cultural traditions without destroying our souls as Chinese?

Members of the Subcommittee, this is the iceberg of the American encounter with China. The MFN debate, and the annual review of the year's "significant overall progress" or the merchandise trade numbers or the number of dissidents incarcerated or released, is the tiniest tip of this vast, historic encounter.

Today, the U.S.-China relationship is wide-ranging, and significant to the future of the world, in a way that it did not appear to be in 1919. China has entered the world as a powerful sovereign state. Its borders are intact, and its territory free of foreign interference. By one important measure, the Chinese economy today is the third largest in the world, and will be second only to that of the United States by the turn of the century. The Chinese population will approach one and one half billion people in the next few years, posing almost inconceivable challenges to China's political system—challenges of material sustenance, employment, social peace, and ecological survival. The advent of China at last on the world scene as a dynamic, economically active, militarily self-contained and technologically sophisticated major player raises enormous issues for the United States—questions both hard to define precisely and impossible to answer at one time.

Again, trade is the tip of the iceberg. The United States and China are here to stay—with each other, with the world. We will for the foreseeable future have a dense agenda of concerns. We will cooperate harmoniously on some, and we will dispute bitterly on others. We lurch toward one another only dimly aware of what motivates the other toward ourselves, and often only dimly aware of what motivates ourselves toward the other. Can there be any question at all that our best hope for coming to terms with the power of this encounter—an embrace that can be either life-sustaining or life-threatening, but can never again be of little consequence—lies

in maximizing our contact, increasing our experience, perfecting our ability to communicate with each other across the chasm of history, culture, and political ideology?

For five years now, reacting with understandable indignation to the tragic and violent suppression of the Tiananmen demonstrations, Americans have focused on the wrong question. We have debated endlessly, and fruitlessly, over this question: "What should the United States do to China economically, in order to compel its government to do what we demand of it politically?" The question is politically comfortable here at home. It embodies the familiar and easily-communicated assumptions that make Americans feel good: that we are morally responsible for the internal political behavior of another regime, and that we are both morally justified and duty-bound to exercise our moral responsibilities by changing that regime's domestic behavior; and, equally importantly, that our economic power is so great that the very threat to use it will bring moral victory for ourselves and political transformation in China.

I hope that the experience of the past five years—and perhaps a bit of what I have had to say today—suggest the fallacy of this question. We are condemned to a major failure of policy, and of leadership, unless we ask ourselves the *right* question, rooted not in self-justification or scholastic arguments about "Presidential Credibility", but rather in realism and concern for the national Interest

The right question, which U.S. policy makers must this year ask, is this: Under what circumstances is China most likely to evolve, politically and socially as well as economically, in directions most compatible with deeply-held American values of individual liberty and political tolerance?"

That is the question that U.S. policy makers, and U.S. citizens including business people and professional advocates of changes in the human right environment of China, should ask.

If we then ask this right question, the answer is instantly obvious. Given the historical background I have discussed; given the immensity and the global importance of today's American encounter with China, and given the almost immeasurable challenges, dangers and opportunities that the U.S. and China must face in the future, we *must* pursue full engagement for the long term with China. We will commit a policy blunder of enormous magnitude if we rupture the economic and commercial links that our two countries have worked to build over the past fifteen years—the only fifteen years, incidentally, in the past one hundred and fifty years in which China has lived without domestic cataclysm or foreign invasion and war. To maintain and expand our economic relations with China does not require that we pretend that China is perfect, any more than it requires us to find in China a moral cesspool whose only salvation lies in American economic and political intervention. But we cannot afford, in the U.S. national interest, not to grind ahead, in trade, in investment, in cultural exchange, in education, in technological development, in regional and global diplomacy, in environmental cooperation. Our tasks in all these areas and many more will be arduous and difficult, requiring the best efforts of our best people into the indefinite future. But no progress will possible, and the national interest will be much the worse off, if the United States decapitates the economic and commercial relationship between these two countries. The resulting downward—not only in jobs and business activity, but in all those areas of essential communication and cooperation that I have just mentioned—will constitute yet another tragic and historical missed opportunity—for the United States, for China, and for the world.

That concludes my prepared presentation, which I have intentionally devoted to the broader and yet seldom-considered issues that underlie our 1994 debate over U.S.-China trade policy. I will be happy to discuss more concretely the immediate issues surrounding the MFN debate in responding to your questions. Thank you very much.

Senator ROBB. Thank you, Mr. Kapp. It was obvious when you listened to some of the opening comments by the Senators who were here participating no one will accuse us of having a single panel of group think with respect to how to approach this very difficult question.

Let me just start with a general question. Since all of you have, I gather, either appeared together or have a pretty good idea of where everybody else is coming from on this question at one time or another, were there any particular surprises about Secretary Lord's position today? Did anybody detect a noticeable change from anything that he had said previously?

I am not asking you necessarily whether you agree or disagree. I think you have pretty much made clear where you stand on most of what he said, but I would just be interested as we go down the line.

Dr. Gong, was there anything that struck you as being either a surprise or different from anything that you had heard in terms of previous policy?

Dr. GONG. When the Executive order was first instituted, it was clear that the administration thought that it had found proper consensus, and I am struck that that proper consensus is something which moves, so as you listen to Ambassador Lord and others in the administration—yesterday we, at our institution, had Secretary Bentsen, we had Under Secretary Garton, and so on.

If you listen to each person, you have a sense that we are really looking at a moving target. We are not quite sure where it is going to end up in the next few days. So I think, Senator Robb, in answer to your question, no surprises, but changes that have been quiet, subtle changes all along, over the last time since the Executive order was implemented.

Senator ROBB. I would have to observe that that same general assessment or critique could be applied to a great deal of policy at both the executive and the legislative levels with respect to incremental changes in terms of the goalposts, to use Secretary Lord's analogy, or others.

Dr. GONG. Can I just add, though, to me, one of the great hallmarks about our system is that through this kind of open discussion we can make adjustments, we should make adjustments. No one has any kind of monopoly on truth. No one has the ability to understand everything that is going to happen in the future, and through this kind of discussion, we should change our ideas, we should change our policies, we should change our actions.

Senator ROBB. One of the reasons that I persisted in setting up an open rather than a closed hearing, which was what was essentially volunteered, is that I thought it would be good, even though knowing that there would be a number of matters that we could not discuss in the same degree of detail, that nonetheless a public exchange with the ability of others to hear and interact if they thought that the point was not sustainable on its own does make some sense.

Dr. GONG. It is a hallmark of our system.

Senator ROBB. Mr. Jendrzejczyk.

Mr. JENDRZEJCZYK. Very briefly, what I saw was another step in the continuum of the administration gradually stepping away from its earlier interpretations of what would be needed to meet the terms of the Executive order.

So that as I said in my statement, the emphasis today was on positive trends with some backsliding, but increasingly pointing to agreements, untested agreements by the Chinese, or statements such as, they will respect the universal declaration of human rights, while they continue to violate it almost every day, taking those statements at face value and presenting those for public consumption.

Second, I would note the continued statement by the administration that the Secretary's report will not exaggerate or inflate

progress, and yet the administration continues to do just that. It just did it this afternoon, which I think raises some real questions about how Congress is going to respond when the Secretary's report is issued.

I think Ambassador Lord was very precise and careful and clear, under your questions, to emphasize that these are only recommendations. They will influence the President's decision, but the President's decision will be based not only on these recommendations but by other considerations.

Finally, I think to be very frank there is a dissonance between what the administration is saying publicly and privately about these partial sanctions or targeted approaches. We know that they are very actively looking at them. They have been consulting with Members of Congress and others about their possible use and implementation.

I think that if it is clear in the next few weeks that presenting what the Chinese have done, the gestures and token measures they have offered just will not fly on the Hill, I think it will then be the only viable option the administration could use is to pull up one of these partial sanctions.

I totally disagree with my friend Bob Kapp. I do think that those targeted approaches would in fact receive broad bipartisan support. I think the last thing anyone in Congress wants to see is for the President to lie, to pretend there is progress on human rights when there has not been. The last thing he needs is another credibility problem on the foreign policy front, especially with a country as big and important as China.

I was in east Asia just a few weeks ago, and it is true, every government in the region is looking to see if the administration wiggles out of this or whether the President sticks that what he has said he is going to do, so his credibility, I would agree with one of the other panelists, really is on the line here.

Thank you.

Senator ROBB. Thank you. Professor Hopkins.

Dr. HOPKINS. Senator Robb, what I heard that was new is Mr. Lord's emphasis that the Chinese have said over the years that they would negotiate with the Dalai Lama if he did not insist on independence, and that the Dalai Lama himself has reaffirmed this last week. Mr. Lord was in effect saying, "So, come on, let us negotiate." That is new.

Senator ROBB. Just out of curiosity, do you predict movement based on the current state of play?

Dr. HOPKINS. Frankly, yes, I do. I am very optimistic about it. I think the Chinese will begin to negotiate very quickly.

Senator ROBB. Good. Mr. Kapp.

Mr. KAPP. I think we are in the sort of "fog of war" period here. My sense is that there really is no percentage for either the Chinese or the American Government in saying anything that we and the public or the press could chew on between now and the very last minute, and that therefore we are hearing rather indistinct murmurs.

I also sense that there is also what I call the "taxi ride to the airport" with our friends from China, and the time is coming, but it is not there yet; we have a considerable way to go.

I do think on the question of some of the targeted things, though, I am just fascinated by the dialog. I find that the notion, for example, of graduated punishment, calibrated increases in pressure, and some of the other aspects of targeted sanctions which are recommended, have a kind of feel to them, along with the notion of credibility, which is so heavily emphasized by advocates of conditional MFN of one kind or another, the constant emphasis that this is a credibility issue, that the President's credibility is on the line. The implication is, "there is General Cedras, there is the Bosnian situation, there are all these cases; see, he is going to have to show his mettle on China."

I am reminded of a period of 30 years ago, when the same arguments were made for such vexed and vexing purposes in Southeast Asia. We got so wrapped up in credibility that we perhaps lost sight of the substance of the issues themselves. Everything was sending a signal, number 1.

Point 2, this notion that we can calibrate the punishment, that we can turn it up a little and—if they do not give—we will turn it up a little more until the Politburo changes its mind, reveals a kind of an American certainty about our ability to control events in Asia that I find surprising, coming from the corridors that it now comes from; it does remind me of my youth and a different era, when the same innocent verbiage tended to be used by people with a very different view of things.

Senator ROBB. I would have to just observe somewhat cynically that there was a reduction of two strokes in the penalty that is going to be applied in another nation in the area based on a particular appeal, so there is some incrementalism possible.

Mr. KAPP. I tried overnight to see if I could come in here today with an MFN equivalent of that, but Senator, I have failed miserably.

Senator ROBB. Let me ask this. None of you specifically mentioned the concept of the Sullivan principles, but I would be interested at least if Human Rights Watch, Asia Watch, and others had been attempting to move forward on that, and the question of whether or not that makes sense, what kind of progress you are making. I would be interested in your comment, Mr. Jendrzejczyk.

Mr. JENDRZEJCZYK. Thank you, Senator. We have favored this for some time, and in fact in 1992, there was legislation actually introduced by then-Congressman John Miller from Seattle in the House. That legislation found its way into the Export Administration Act, which in the conference version was passed in fact by the Senate as well in October 1992, but the conference report was never taken up by the House.

In private discussions we have had with a number of companies in a very active dialog we have had about this issue, we think there is a lot that companies can do in a proactive way, both on workplace issues, which as I mentioned are increasingly important in the Chinese economic and social context, and on broader human rights issues.

The Sullivan principles are, I think, somewhat of a model for this. We have, in fact, drafted some recommendations that we are now actively discussing with some companies in the hope that a voluntary code could be adopted, as long as it is specific enough

and addresses the very particular problems in China, and that there is some mechanism for monitoring, as there was in the case of Sullivan.

If, however, a voluntary code could not be adopted in the case of China, we think that the option of legislation is still one that is worth considering, especially after June. I think American engagement and corporate involvement in China over the long run can play a very positive role, but we cannot assume, just by passively being there, that alone in itself will do it.

It did not happen in the case of South Africa that easily, and it is certainly not going to happen in the case of China, so this is something we are very anxious to pursue, and I think we have found some in the business community who are also interested in discussing how this in fact could be done.

Senator ROBB. Does anybody else have a view on that question with respect to the implementation of voluntary Sullivan principles, or statutory principles?

Dr. HOPKINS. I would say very briefly that voluntary restraints are helpful, but they are not a replacement for a strongly conditioned MFN.

Mr. KAPP. I guess I would say that first of all the notion of voluntary is really kind of a mixed notion. Once it is voluntary, then the question which can be asked publicly is, "Why did not you sign up? Company *x* signed up. Why did you not sign up?"

So we have to be at least realistic that in political terms, as it relates to the approach to business on this issue, it is not as voluntary as it seems. There is a very strong degree of public pressure involved. Once the thing is on the books there is a voluntary code.

Senator ROBB. The point at which a carrot becomes a stick has always been a little bit difficult to determine.

Mr. KAPP. Well said. Exactly right. Mandatory obviously is something I think most companies find very difficult to deal with. The notion of requirements that they do certain things on another country's sovereign soil, possibly at risk of a violation of that country's law, and even if not at risk of violation of that country's law, at direct impact on the way they must function in that country on pain of punishment if they (a) do not report it properly or (b) actually do not fulfill the requirements, is something that I think, most businesses would find just extremely onerous.

This is not to say that there is not room for meaningful and important conversations between people of good will but of very different view here. I have taken part only briefly in one such conversation that was organized by people of opposing views, and it was a very, very excellent exchange.

Now, it is also important, however, to recognize that American firms operating in China and elsewhere do a lot already. We are in a funny situation now where businesses are scrambling to get the evidence together of how good they are in noneconomic terms, socially and so forth, and they can and do point to introduction of American labor-management relation styles, training programs, access to all sorts of foreign media and telecommunications, and on and on and on, things that they do with their employees in China by way of making them part of a true global enterprise, and I think there is a lot to say on that, and more will be said.

I sometimes worry a little that the pressure to do this reminds me of "elephants in tutus." That is to say, at the end of the day companies do exist to produce and to generate wealth, and that is a legitimate thing in and of itself, and so they are struggling in a way to show to other people how much they do of a socially constructive nature in China, but in fact they do a lot, and more and more of that will be seen in the future.

Last, Senator, I will get off this subject. More can be done, it seems to me, in the future in terms of interest from all sides, the public and private sector, in educational and training and other kinds of programs in China that do not missionarize, that do not proselytize American values, but that in fact further even more fully the ways in which people in the People's Republic, people in positions of managerial and other influence over others, do understand what makes this country tick, and at the same time enable us to understand better the ways in which Chinese society operates.

There is always more that can be done, and I think the private sector joins with others, with the NGO sector certainly, in the belief that more can be done and perhaps will be done.

Mr. JENDRZEJCZYK. Senator, excuse me, could I just add very briefly that we have also begun to be engaged in this kind of discussion with Japanese businesses and business associations, and they are also interested. As you know, they are very heavily exposed and involved in China as well. I think, though, looking at the example of the Sullivan principles, those principles started in the United States and spread elsewhere.

I think in the case of China, similarly we are in a position to exercise real leadership. We are China's single largest trading market, and I guess I am saying this by way of just illustration, that I think if the United States or companies in the United States began to move in this direction, we could see a response in other places, including among other key trading partners like the Japanese.

Senator ROBB. Mr. Kapp.

Mr. KAPP. I have one more quick thing on this, Senator.

The one thing I would hate to see happen would be that the initiation, or institution of a corporate code of some kind became the sort of way of least resistance out of a political dilemma.

That is, "We cannot tell the Chinese what to do, because they do not do it, so instead we will tell the Americans what not to do, and hope that this passes muster politically in the Congress and with the American public as a whole."

Again, we come back to the idea, in my view at least, that the responsibility for whatever inadequacies of the human rights environment we find in China does not lie with the American business sector, and it is I think not appropriate or desirable to take an action that is laid on the business sector alone as a way of getting out of the box that we are in—namely, that the current policy is not creating the compulsions on China that it was perhaps designed to create, and that some kind of a political cover is needed. That would be extremely undesirable.

Senator ROBB. Dr. Gong?

Dr. GONG. I have just two points, if I might. First, anyone who has visited American facilities in China I think is impressed by the efforts which are made to give employees there an opportunity to develop in every way humanly that is possible. While it is not our intent—while it should not necessarily be our intent to bring a different system to China, I think as the natural consequence of the presence, some of that takes place.

Let it be. It does not necessarily have to be so stated. The byproduct of the presence, it seems to me, is quite clear.

Second, when companies have asked my view on this, I have noted that in many terms, many times you have a company operating globally. It can so state a policy—should state a policy which is applicable everywhere.

China has some unique characteristics, but most of what we do in China should not be singled out, in my view, for special treatment. That only, in some ways, continues the idea that China is deserving of special treatment, which in a business sense I do not believe it is.

Therefore, companies, it seems to me, should declare, for example, if you are against prison labor, if you are against child labor, if you have certain environmental standards that you apply, they should declare that on a worldwide basis. And hopefully it will apply to China as well.

Senator ROBB. Let me ask just one question. I think, Professor Hopkins, you just in response to this question, said that nothing would substitute for MFN in terms of the value that it would have as a bargaining point or whatever. What if—postulate without accepting the basic premise, if you will, that for whatever reason, a decision is reached to extend MFN without conditions, if you will.

What other leverage might the United States bring to bear in your judgment, again, whether you agree or disagree with taking that one off the table? What possible alternatives strike you as being most effective if our intent is to place real pressure on China or other nations—but we are talking about China today—to live up to international expectations in the human rights arena?

Dr. HOPKINS. When Mr. Lord and Mr. Shattuck met with NGO's about a month ago, they were asking us what possible other ways there were. In other words, they were having such a hard time finding any that could actually work, they were soliciting us to come up with possibilities that would be effective other than strong conditioning of MFN.

We could not come up with them either. I do not think that there are credible ways, other than that.

Senator ROBB. Does anybody else have a suggestion? Mr. Jendrzejczyk?

Mr. JENDRZEJCZYK. I would agree that MFN does represent the single most powerful lever. Secretary Lord said that and I totally agree. But if you do put that aside, the next most important lever clearly is the World Bank. China got $3.2 billion in loans from the World Bank in fiscal year 1993, more than any other government in the world.

There is concern in the Treasury Department and among some other donors that soft loans should no longer go to China, given their economic situation. We have a law, Section 701 of the Inter-

national Financial Institutions Act, as you know, that theoretically obligates us to oppose loans to gross human rights violators, which China clearly is. The problem, as Assistant Secretary Lord alluded to, is that actually stopping loans would require calling in chits with some of our other donor countries—since we cannot control the votes at the Bank—to at least begin to slow down or restrict the level of loans contingent on human rights improvements.

I think that is a viable approach, but it is not going to be easy. And it will require, again, some real work with our allies.

Aside from that, there are other diplomatic things we could do. We have another APEC meeting coming up in Jakarta in November. There are diplomatic exchanges. I think we could avoid ceremonial visits that the Chinese use for their own internal propaganda value as a way of sending a message.

We also can encourage other governments, through their Embassies in Beijing, including Latin American governments as well as Asian governments, to raise human rights cases. Some governments are sending human rights delegations of members of their Parliament to China. The Australians have done it, and a number of Europeans. We could begin doing that jointly. This has all been done very ad hoc, with very little consultation, from what we understand, among the various governments.

I think the most important thing, though, is to develop a multilateral agenda. For example: everyone wants the U.N. Working Group on Arbitrary Detention to be admitted to China. Everyone wants China to invite the U.N. Special Rapporteur on Torture or Religious Intolerance. And all governments agree, in their trade and political relationship with China, to urge them to take those steps.

The ICRC, the Red Cross, is only going to get its foot in the door, possibly, because of the leverage of MFN. But we are going to need continued scrutiny to make sure they live up to any agreement should in fact they reach an agreement.

So, I think there are multilateral and bilateral opportunities that are worth exploring and using—realizing none of them will equal in weight or in effect to MFN.

Thank you.

Senator ROBB. Dr. Gong?

Dr. GONG. I would like to agree with everything that Mike has just said.

Mr. JENDRZEJCZYK. Radio Free Asia—I am sorry—is a very important, Senator.

Senator ROBB. Excuse me.

Mr. JENDRZEJCZYK. Radio Free Asia is crucial, from all of our contacts in China. It is extremely important, and increasingly so, because of all the dislocation and growing instability.

Senator ROBB. Do you agree on that score with Secretary Lord's statement that he accepts at face value the Chinese representation that they are not attempting to intervene and that it is a technical problem?

Mr. JENDRZEJCZYK. With VOA?

Senator ROBB. With VOA. I guess that is right.

Mr. JENDRZEJCZYK. I am not competent actually to address that issue. But I would just endorse wholeheartedly the idea of Radio Free Asia. I think it is an extremely important initiative.

I am sorry for interrupting, Dr. Gong.

Dr. GONG. Not at all. I wanted to agree, in fact, with everything you just said, except your conclusion, and to give the possibility, Senator Robb, your scenario that, in fact, by having a de-linkage of MFN and human rights in specific legal terms under the Executive order, we might go back to the more natural linkage, which always exists, which will always exist, in U.S. foreign policy between our concern for human rights and our overall approach.

And by that I mean, as we have talked, it struck me that in the new consensus toward which I think we are moving, we may in fact discover that we have increased leverage on human rights because we are not tied to this mutual unit veto on economics. The Chinese have a stake in it; so do we. And that balances out and keeps each of us from moving ahead in the way we might.

What may occur, in fact, is by publicity, by the human rights dialog, by all the things we have just noted, without having it tied to the economics, that we may be able to go in more directly. We should go in forcefully, as I said in my testimony.

Senator ROBB. Mr. Kapp?

Mr. KAPP. I set a Chinese friend's teeth on edge the other day when I said to him that, unlike the Chinese Government, which right after Tiananmen accused the United States of promoting what they called "peaceful evolution"—the idea meant a nonviolent subversion of the Chinese political order—we were accused of that and it was one of the slogans that the conservative government raised right after the suppression at Tiananmen—that in fact I was a strong believer in peaceful evolution, and I thought most Americans were believers in peaceful evolution. And I would say that today is the greatest likelihood for the long-term development of a more humane and tolerant society, in political terms there.

And the purpose of my written testimony, incidentally, Senator, which began with 2 pages on the May 4 movement of 1919, was to make the point that this is a much larger historical process of intellectuals and students and other dissidents fighting with their governments, but being highly nationalistic in defense of their own nation's freedom from foreign interference. The greatest likelihood for the emergence of a more tolerant and humane political order in China comes through precisely the kind of peaceful evolution that the Chinese themselves have embarked on since 1978, when they did this huge opening to the world and engaged with the world economy.

This is the "China Law Newspaper." They came to see me on the day I took my job, and they did an interview and they printed it the other day. The headline reads, "Taking his own road; making his own way," and it is an article about me and about the fact that I am kind of an academic who left academia and set out into the nonprofit world.

The point is, the very headline says something that in China, until 5 years ago, was almost inconceivable. In China, until 5 or 6 years ago, the government told you where to go to school, what to study, whether you would go on to higher education, and where

you would work. And once they told you where to work, you stayed there until the end of your life, and that was that.

The headline itself is sort of a small example of the peaceful evolution that comes with the U.S. engagement with China.

If the U.S.-China relationship heads into this downward spiral because we cutoff the growth stem of trade, this kind of material is simply not going to be there. I do not mean to say that I am the flagship for political improvement in China but, rather, that this kind of easy putting out of the story of an American life in a Chinese newspaper about the legal system is an example of the kind of "peaceful evolution" I think that augurs best over the long haul for the development of more humane political behavior there.

Senator ROBB. I am curious, Professor Hopkins, you take I think probably, of the panel—at least on this issue—perhaps the strongest position with respect to MFN.

Dr. HOPKINS. Yes.

Senator ROBB. How would you reconcile the present situation with respect to say Iran, Iraq, Libya, who have MFN, vis-a-vis China, who is subjected to this particular—I am playing the devil's advocate at this point, obviously—but other than saying we ought to use MFN as a tool with 180-some nations that we are not doing now, is there a way to make a distinction that you use it for some and you do not use it for others?

Dr. HOPKINS. First of all, I would like to say that peaceful evolution over years, decades, and so forth is really not possible in Tibet. The culture—every time I go there—and I have been there five or six times—the situation is exponentially worse. There is not time to let this happen. A line has to be drawn.

And, by the way, they are jamming the Tibetan broadcasts of VOA.

With respect to your question, inconsistency with respect to some countries I do not think justifies it with respect to others. So, perhaps we need to look at these other countries, rather than modify our China policy to accord with those others.

Mr. JENDRZEJCZYK. I would just add, Senator, MFN, yes, technically is granted to Iran and Iraq, but it is a moot point because there is no trade.

Senator ROBB. I understand that there are other factors. It is not the same. I am not drawing too fine a point on that one.

Let me just ask Professor Hopkins, if I may, talking about Tibet specifically and the Chinese migration into Tibet. Is this forced by the government, in your judgment, more than it is done for more natural, self-motivated reasons by Chinese looking for different opportunities or escaping from what they think is a less favorable environment where they live?

Dr. HOPKINS. Previously, it was solely forced. Nowadays it is both forced and it is voluntary. Now that the Chinese settlers have established there own community in the Tibetan region, their relatives and so forth are coming in, and people are hearing that this is a good way to make money. Therefore, when I speak of restricting settlement in Tibet, I speak of both government settlement and of voluntary settlement of just people migrating there on their own.

One type of settlement that is very dangerous to the region is military—for instance, in the Lhasa Valley, we estimate that there

are 60,000 Chinese settlers, 60,000 Tibetans, and 60,000 Chinese military and police. And those 60,000 military and police create a great difference.

Among the 60,000 settlers, these are not technicians and so forth; these are now people who are coming in to sell to each other. A system has to be worked out whereby that kind of settlement is restricted. Otherwise, Tibetan culture does not stand a chance.

Senator ROBB. Mr. Jendrzejczyk, let me just ask one question about the hard-liners in the gerontocracy in China today. Does that extend down into succeeding generations, in your judgment, with respect to their intolerance toward what would be an international view of human rights—if we can put it in those terms?

Mr. JENDRZEJCZYK. Well, Senator, a couple of things I would say briefly in response to that. One is clearly the hard-liners are hoping to win in this facedown with President Clinton. And if they do win, that will strengthen them, I believe, in the post-Deng succession struggle.

I also think, however, realistically, all factions within the Chinese Government at all levels realize that if MFN were truly lost, it would be a huge blow not only economically, but politically. Because the Communist Party's credibility and literally its survival is so dependent on the economic reform program, which, in turn, is so dependent on foreign investment and trade—especially from the United States.

So, the stakes here for the Chinese are enormous.

Senator ROBB. What happens if it is lost? Let us assume that the literal interpretation of what Secretary Lord said is correct, and your interpretation of the human rights progress and Professor Hopkins on what has happened on Tibet, which would, prima facie, seem to suggest that a particular result not currently anticipated would come about.

Mr. JENDRZEJCZYK. It would, I think, result in even further economic dislocation. Social forces that are already very difficult for the Chinese authorities to control I think would become even less controllable. Because, for example, state-run enterprises that are now laying off people, as Assistant Secretary Lord mentioned earlier, would perhaps find that they had even more workers without employment, without a place to live, without medical care, and so forth.

There is no question it would have a serious effect in the short run. I think in the long run, however, the Chinese economic planners have undoubtedly made lots of contingency plans if and when this should happen, just as I know American companies involved in China have also made contingency plans, in the hopes that they would weather the storm, they would absorb the loss, and continue as best as they could, but with their social and economic problems greatly complicated.

I also just want to mention that we have been monitoring human rights in the regions and provinces and cities where the economic reform program is most advanced and where there is the most foreign investment—in the coastal provinces, for example, in the places like Shanghai and Guangdong. We do not see at the local level that authorities in those areas are any more respectful of civil, political, or religious rights than elsewhere. And, in fact, we

are worried that if the provinces increasingly pull away from Beijing, you might find even greater human rights abuses occurring at the hands of local and provincial officials.

So, the post-Deng scenario, no matter how you look at it, is not very encouraging; which is why we believe forfeiting the leverage afforded by the MFN status and the annual renewal would be a big mistake now, when any Sinologist in their right mind could not really predict what is around the corner for China in the coming years.

Senator ROBB. But are you not going back to a point—I think it was Mr. Kapp that made it—that you are talking about the threat of withdrawal—and I basically posited that there would actually be a withdrawal of MFN, which changes the equation rather dramatically?

Mr. KAPP. I think that we really have to ask ourselves as the afternoon wears on the degree to which we feel comfortable in assuming that we do know what the Chinese are thinking and will do, and the degree to which we do not.

On the one hand, we know—or at least it can be said by some—if we put the screws to them with this threat of revocation or with certain kinds of conditions, according to some people's views, we can be confident that they will make certain rational decisions—namely, to do what we think they ought to do on human rights. But, then, in the next breath, we say, nobody can know what will happen.

I think we have to ask ourselves the degree to which we are comfortable in taking steps that we think will contribute to the destabilization of the Chinese regime. And we need to look very carefully at that before we do it.

I am not sure whether we could ever come up with a certain calculus that, by causing economic immiseration of the recently empowered—that is, people who have recently gained much more income thanks to the export economy—that by causing the reimmiseration of these people, by causing state-owned plants—big, heavy industry plants that are so clearly owned by the national government—to shut down or to curtail their facilities, throwing more and more people out of work, we are somehow contributing in a way that we can defend to ourselves, to the greater good of some moral principle that we feel is universal and must be applied in China.

I get very uncomfortable when I start hearing these scenarios of economic punishment causing political disruption in the ultimate service of for moral principles.

Mr. JENDRZEJCZYK. Senator, if I could just respond very briefly.

Senator ROBB. Yes.

Mr. JENDRZEJCZYK. In other contexts where we have used the threat of sanctions to get China to open up its markets, comply with intellectual property rights, the latest agreement on transhipment of textiles, the threat was used, I think properly, to instigate within the Chinese Government a kind of bargaining process among those who want, maybe for their own internal reasons, to bring about these very major and potentially far-reaching reforms within China's economy.

I think if we can continue to use levers like MFN and these other partial sanctions like 301 to enhance human rights and labor rights, we can find much the same effect. The problem is the way we have used those levers on trade issues has been much more consistent—the signals sent to the Chinese have been much clearer, and therefore we have gotten better results.

With the MFN debate since 1989, we had the good cop, bad cop relationship during the Bush administration, and now we have Congress having given the Clinton administration a year's grace period to produce results, but not carrying out the policy, I believe, in the most effective way, leading the Chinese to believe that they are going to get MFN anyway.

So, I guess my bottomline is to say the Chinese Government, I think, can make rational decisions based on their interests. They do not want to jeopardize their control—there is no question. But, at the same time, in the long run, the best prospect for a stable, peaceful economically developed China is one that does afford basic respect for internationally recognized human rights. No question.

Senator ROBB. Mr. Kapp, did you have something to add?

Mr. JENDRZEJCZYK. Well, we are going to keep arguing all night if you keep us here.

Senator ROBB. I am about to wrap this up, so do not lose your thought.

Mr. KAPP. You are very gracious to let us go this long. Because there is another whole issue that we have not gotten into, and this is not the time. Mike is raising the issue of the use of trade actions by the United States in what used to be called nontrade areas. In the case of threatening them on textiles or intellectual property, we threaten them with trade sanctions on a trade issue. And even though free-traders like me from export States like the State of Washington do not even like to use those too often, we could all agree that there are times when the threat of trade sanctions on a trade issue is appropriate.

But there is a qualitative difference between that and the issues that we are discussing.

Mr. JENDRZEJCZYK. Using trade sanctions in Haiti and other places are nontrade issues. Why not with China?

Senator ROBB. Well, the point I was making, though, is that sometimes you have an inchoate threat. But once you pull the trigger, the whole ball game changes.

Mr. JENDRZEJCZYK. Sure. There is no question of that.

Senator ROBB. And if you are saying, OK, now is the time to pull the trigger, all of that leverage—there may be other leverage, but all of that leverage is used up. It is a little bit like an airbag or something in your car or a bee that uses his stinger or something—it leaves it in somebody and then goes off and dies. It is a real threat until you use it.

Mr. JENDRZEJCZYK. What I said is please maintain the annual renewal, the annual review process; which I think is an effective form of pressure, in itself. And, in addition, explore these other more partial sanctions that will not utterly remove the leverage by destroying the trade relationship.

I think a nuanced mix of those kinds of tools, over the long run, will be the most effective.

Senator ROBB. Mr. Kapp, just one last question on the 301 intellectual property question that I raised with Secretary Lord earlier. He said, appropriately, that this was delayed and was not a decision on the merits. But it did juxtapose the trade and nontrade in different ways. Your organization supports the lifting of the MFN threat or extending MFN permanently. What is your view on that and using 301 in the way that it looked like it was about to be used but for the mixed signal it might have sent with respect to this matter?

Mr. KAPP. I think, in policy terms, Professor Gong is probably even more able to speak to that than I. I would only say that, in fact, if MFN is out of the way, we are not going to have a wonderful, smooth, totally glassy relationship with the People's Republic of China. And I am sure that the U.S.-China Business Council and other business organizations are going to have many issues on which we come back to Uncle Sam and say, "Uncle Sam, we have a problem with China." Things need to be addressed in a forceful manner within the trade negotiating process.

So, I do not think that it matters that much whether we postpone it for 60 days or not, but the MFN issue, which overshadows everything else on the trade side, perhaps, keeps some other trade issues from getting the full attention that they deserve. And I suspect our Council will wind up being rather aggressive on those in the future, and that our friends in the People's Republic will not particularly like the way we talk from time to time.

But MFN has got to be taken out of the way before we can start addressing the constant problems that go with two huge economies of different economic bases, wrapped in this global embrace, but pursuing somewhat different goals.

Senator ROBB. You mentioned Dr. Gong probably had more to say on that. I will let you have the last word.

Dr. GONG. Just briefly, in Beijing last month, we tried, in a senior CSS delegation, to frame what I think is really the crucial question—it is a bigger question than MFN. It is how you bring China and also Japan as full, responsible, constructive members of the international system.

In a sense, the issue of the 20th century was how we would bring in Germany and the Soviet Union. I think the question for the 21st century are these two great powers in Asia. In that regard, I think we need to be very specific—301, special 301, whatever—to take as required actions as it is appropriate for those specific issues on which we have concern.

We cannot leave it at the aerie-fairy level; it has to be very precise, as you are suggested in your comment.

Senator ROBB. Well, since the next century is expected to be the Pacific century, I think that is an entirely appropriate place to leave this discussion.

Dr. Gong, Mr. Jendrzejczyk, Professor Hopkins, Mr. Kapp, you have been very patient; you have been very helpful. Your testimony, as well as the full text of your prepared remarks will be available to all of those who are reviewing the specific question that has occupied most of our time, as well as the larger questions that you have alluded to, which really are very important in this whole context.

And I would hope that whatever decision is reached, that it does not cause a June 3 diversion of all of our attention to other matters when there are clearly relevant and pressing concerns that affect the United States and its relationship with the international community, but particularly with the Asian community.

We will keep the record open for 24 hours. There are some written questions that I believe a couple of members have. And if they are directed to any of you individually, we will direct them to you.

But for your willingness to participate today, for your patience in what has been a very long session, and for the enlightenment that you bring to this committee, I thank you.

With that, we will conclude. This particular session is completed and we stand adjourned.

[Whereupon, at 6:19 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

RESPONSES OF SECRETARY LORD TO QUESTIONS ASKED BY SENATOR PELL

Question. Is there any indication, no matter how slight, that China is increasing its spending on strategic weapons which could reach the United States or India?

Answer. As part of its strategy of minimum nuclear deterrence, China for years has deployed a small nuclear strike force that includes systems which can reach India and a very small number of ICBMs capable of reaching the United States. As part of its overall military modernization program, China is upgrading its nuclear forces, and we expect a gradual increase in the number of systems capable of striking both India and the U.S.

Question. Is there any indication, no matter how slight, that Chinese companies are aiding the North Korean ballistic missile program?

Answer. We have no credible evidence that Chinese companies are aiding the North Korean ballistic missile program.

Question. Is there any indication, no matter how slight, that Chinese companies are aiding the North Korean nuclear program?

Answer. We have no credible evidence that Chinese companies are aiding the North Korean nuclear program.

Question. Is there any indication, no matter how slight, that China is still aiding Pakistan's nuclear weapons program?

Answer. Prior to China's March 1992 NPT accession, the U.S. had concluded that China had assisted Pakistan in developing nuclear explosives. Last year, DCI Woolsey stated in Congressional testimony that, based on China's longstanding nuclear ties with Pakistan, it was unclear whether Beijing had broken off contact with elements associated with Pakistan's weapons program.

Question. In December an Indian official told me that China is intent on regional "dominance". Is this concern justified?

Answer. China has good or improving relations with all bordering countries for the first time in modern history. This includes significant improvements in its relationship with India. China's chief goal in Asia for over a decade has been to promote the stable international climate necessary to advance PRC economic development. We do not expect that to change in the foreseeable future.

Question. What is the status of the contracts which China has for the delivery of M-class missiles to the Middle East?

Answer. We have no credible evidence that China has made any deliveries to countries in the Middle East pursuant to contracts for M-class missiles.

Question. Is there any indication, no matter how slight, that China has delivered M–9 class missiles to Syria?

Answer. We have no credible evidence that China has delivered M–9 class missiles to Syria.

Question. Is there any indication, no matter how slight, that China has delivered M-class missiles, or the technology to produce them, to Iran?

Answer. We have no credible evidence that China has delivered M-class missiles, or the technology to produce those specific missiles, to Iran.

Question. Is there any indication, no matter how slight, that Chinese firms are providing guidance or assistance to the North Korean nuclear or ballistic missile program?

Answer. We have no credible evidence that Chinese firms are providing guidance or assistance to the North Korean nuclear or ballistic missile program.

Question. Has China indicated any recent willingness to return to the P–5 arms talks?

Answer. No. Following the U.S. decision in 1992 to sell F–16's to Taiwan, China declared it would find it difficult to attend the P–5 discussions unless the U.S. reversed the F–16 sale. The Chinese Government has not changed this position.

Question. Have there been recent Chinese visitors to Los Alamos or Lawrence Livermore Labs? If so, please provide details.

Answer. In the context of DOE's initiative to reduce worldwide nuclear danger, Los Alamos, Sandia, and Lawrence Livermore hosted a Chinese Government science and technology delegation February 18–26, 1994. The labs arranged a program that included discussions of environmental restoration, laboratory conversion to civilian application of technology, nuclear safety, basic science research and general international principles of nonproliferation and arms control.

Question. What is the status of the U.S.-China Defense Conversion Commission?

Answer. The U.S. and China agreed last fall to establish a joint Defense Conversion Commission to share information and experience on converting defense industry to civilian uses, an area in which China has significant experience. This is a civilian—not military—undertaking. An ACDA-DOD Defense Conversion Experts team in January visited several Chinese cities to make a preliminary study of possible areas of cooperation. A first meeting of the Commission has not been scheduled.

Question. Is there any indication, no matter how slight, that legal American exports have contributed to China's strategic weapons program?

Answer. We have no indication that legal American exports have contributed to China's strategic weapons program.

RESPONSES OF SECRETARY LORD TO QUESTIONS ASKED BY SENATOR FEINGOLD

Question. Does the Administration favor the adoption of a "code of conduct" by U.S. companies involved in China or elsewhere in Asia, based upon the Sullivan Principles for South Africa?

Answer. Secretary Christopher and I have met with American business individually and in groups to discuss the Administration's China policy and the important role of the business community in China. In these meetings, I have been encouraged by the willingness of some company representatives to engage in constructive dialogue on various aspects of China policy. They have articulated their view that U.S. companies in China promote American ideals, a more open society, and high standards in environmental protection health and safety.

U.S. companies operating in China and elsewhere can play an important and constructive role in advancing the conditions for more open societies. We are open to a dialogue with U.S. companies and with the Congress on how to further advance these objectives.

The administration continues to consider a range of policy options with respect to China. If we were to decide to go forward with an initiative on a code of conduct, I think whether or not such a code should be based on the Sullivan principles is something that should be left to further discussion among the Administration, Congress and certainly with the U.S. business community.

Question. In response to questions regarding the prison labor export issue, you stated, "We presented 20 new cases to the Chinese in March 1994; we expect to receive responses shortly. A total of 52 cases have been submitted since the August 1992 MOU."

(a) As the Chinese have agreed to provide a written investigative report within 60 days of receiving information, do you expect the Chinese to meet this deadline with the March cases?

(b) What is the status of each of the 52 cases submitted since August 1992? Of those resolved, how many concluded China had exported prison labor-made products?

Answer. The Chinese have thus far provided responses to 32 cases submitted under the MOU. The responses we received to the first five cases stated that the Chinese found no evidence that prison labor had been used to produce exports. The Chinese subsequently reported the results of twenty-six other cases. They claim that eighteen of those facilities either do not produce goods for export or do not export to the United States.

In four cases, the Chinese found that prison labor has been used for export production in the past. However, they maintain that these factories either have ceased exporting or have removed prisoners from the production line. One of these four facilities did export prison labor-produced goods to Southeast Asia. Destinations of past exports from the other facilities were not reported in the Ministry of Justice investigation reports.

The Chinese reported one factory in question is unrelated to a local labor reformatory and employs only ordinary workers. Another facility is a provincial industrial enterprise similar to the U.S. federal prison system's "UNICOR" program, but which employs family members of prisoners rather than prisoners themselves. The Chinese noted that officials from our Consulate in Shenyang visited another facility in

question in November 1991, and found no evidence that prison labor had been used to produce exports. Finally, the Chinese could find no record of one of the facilities.

Since signing the MOU, Customs officials have visited four suspect facilities. Customs expects to visit a fifth facility in mid-May. Customs has lifted detention orders on the Beijing Number One Prison and the Qinghe Farm after on-site inspections and related documentation revealed no evidence of exports to the U.S.

We expect that the Chinese government will work to implement the MOU in accordance with the guidelines established in the March 1994 declaration of cooperation.

Question. China's leading dissident Wei Jingsheng was just released from prison 6 months ago after being held in solitary confinement for 14 years. Since his release, he has been a courageous and articulate voice for human rights and democracy in China. However, since April 1 Wei has been in police custody, and may be thrown back into jail.

(a) What is his current status? Is he in communication with anyone? What efforts has the U.S. made to protest his continued detention? Was his case brought up when President Clinton met with Vice Premier Zou?

(b) Is there any way that MFN can be renewed if Wei remains in detention?

Answer. Wei remains in detention. There are reports which indicate his family has been informed by police that he is being held in a "hotel" rather than in a formal detention facility. There are also reports that the Chinese authorities are weighing whether or not to bring criminal charges against Wei.

We have formally protested at all levels of the Chinese government Wei's continued detention in violation of his fundamental human right to peacefully express his political opinions.

The President will consider a number of factors in making his decision concerning renewal of MFN including the release or failure to release prisoners of conscience such as Wei.

Question. Since July 1990, when G–7 countries agreed to begin lifting sanctions imposed after the 1989 massacre, there has not been a consensus among the G–7 allies on how to deal with China's continuing violations of international human rights. Is the Administration developing a proposal for a multilateral strategy on China to bring up at the G–7 meeting in July in Naples? If not, why not? It would seem to me that we should make an effort to act multilaterally if possible.

Answer. The U.S. has regularly urged—and will continue to urge—its G–7 partners, as well as other nations, to make clear to the Chinese government the importance which the world community attaches to China's observance of internationally accepted human rights norms.

In general, the G–7 nations share common goals vis-a-vis China. While each nation in pursuing these goals has adopted its own strategy based on distinct national political, economic, and strategic considerations, the overall thrust is in the same direction—encouraging Beijing to improve its human rights, nonproliferation, and trade practices.

We have discussed China-related issues in the G–7 forum, but a consensus on a common strategy has not formed. At this point, we believe we can most effectively promote our common goals by working on a bilateral basis with each of our G–7 partners taking into account the distinct factors at work in their relations with the PRC.

We plan to continue our regular bilateral discussions on China with our G–7 partners and to urge a common message to Beijing: China must improve its practices in the areas of human rights, nonproliferation, and trade if it is to become fully integrated into the international community.

Responses of Secretary Lord to Questions Asked by Senator Helms

BURMA

Question. You have stated, "Establishment of an effective, multilateral arms embargo of Burma would be very difficult to achieve because Rangoon's chief arms supplier and political supporter, China, would not agree to such a sanction. That said, a multilateral embargo observed by other major arms suppliers to Burma, including Poland, Portugal, South Korea, and Singapore would significantly reduce the regime's access of more modern types of military equipment.* * *"

(a) What actions have been taken to get China to join the voluntary arms embargo of Burma?

(b) What actions have been taken to get other nations that supply arms to Burma, specifically those noted above, to join the voluntary arms embargo for Burma?

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Answer. Given the events of 1988–89, we have repeatedly raised the issue of Chinese arms sales to the Burmese military with Beijing. We estimate that arms deliveries during the past five years from China to the Rangoon regime total approximately $750 million. We will continue to pursue this matter with Beijing.

The USG has made numerous demarches since 1988 to other nations which supply arms to Burma, including those cited, urging them to cease such supply and to adopt an arms embargo. We have asked ASEAN likewise to encourage its members to desist from such sales. The EU has joined with the U.S. and Australia, supported by Japan, in embargoing arms to Burma. As a result, we have succeeded in reducing the importation of arms by the military regime.

In addition, we have sought to obtain language in the UNGA and UNHCR resolutions on Burma requesting members to voluntarily restrain arm sales to the Burmese regime. We plan to step up our demarches against arms supplies to Rangoon and to examine new ways to bring more international pressure to bear on reducing the availability of arms to Burma's ruling generals.

Question. Is halting Chinese nuclear testing and nuclear weapons proliferation a primary priority of the Sino-American agenda?

Answer. Along with human rights and trade, nonproliferation is one of the three core priorities of the Clinton Administration's China policy. We are pressing for improved Chinese behavior in all areas of nonproliferation, including nuclear nonproliferation.

The U.S. regrets China's continued nuclear testing, especially when the other nuclear weapon states are participating in a testing moratorium. We believe this is unjustified in the post-Cold War period, and we have urged China through both private and public channels to halt its testing.

Question. In light of the U.S. and Russian nuclear testing moratoria, do you consider China's active testing program destabilizing or threatening to U.S. national security?

Answer. The Administration deeply regrets China's continued nuclear testing. In the post-Cold War period, when all the other nuclear weapon states have joined a testing moratorium, we consider this unjustified.

We are concerned that continued Chinese testing could complicate multilateral discussions on extending the Nuclear Non-Proliferation Treaty and concluding a Comprehensive Test Ban Treaty (CTBT).

Question. What has been done to get China to halt its nuclear testing program?

Answer. The U.S. has joined many other countries—both privately and publicly—in urging Beijing to cease further nuclear testing. We will continue to do this in the future.

RESPONSES OF SECRETARY LORD TO QUESTIONS ASKED BY SENATOR PRESSLER

Question. Is there any indication, no matter how slight, that Pakistan may be offering to market North Korean missile systems in Iran or Libya?

Answer. We do not have any indication that Pakistan may be offering to market North Korean missile systems to Iran or Libya.

However, we remain seriously concerned about North Korea's ongoing activities in the area of ballistic missile proliferation, especially its transfers to regions of tension such as the Middle East.

North Korea is the last exporter of MTCR-class missiles which has not endorsed or adhered to MTCR guidelines.

Opportunities to assert our concerns directly to DPRK officials are limited by the lack of diplomatic relations with Pyongyang, but whenever possible, we have raised the issue of missile proliferation with North Korean officials and have urged them to cease all such activity.

Question. Is there any indication, no matter how slight, that Burma is permitting China to maintain a military base or bases in that country? If so, what is the location or locations of the base or bases?

Answer. There are reliable reports that Chinese technicians have provided essential assistance to the Burmese in the construction of a number of military installations, including radar stations on Haingyi Island, in the Bassein River, west of Rangoon in the Irrawaddy delta, and the Cocos Islands, approximately 220 miles south of the Irrawaddy delta and just north of the Andaman Islands. There is no evidence to suggest that Burma is permitting China to maintain bases on its soil.

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